

Current History

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APRIL, 1976

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Current History

APRIL, 1976

VOL. 70, NO. 415

What changes have taken place in Northern Europe in recent years? How stable are the political systems? In this issue seven articles focus on this important sector of Europe. The author of our first article feels that "after nearly 15 years of economic prosperity and expansion in the public social service sector, the current period of recession and cutbacks in popular public programs is a test of Danish sense and tolerance."

Denmark's Stormy Passage

BY ERIC S. EINHORN

Assistant Professor of Political Science, University of Massachusetts at Amherst

THE INTERNATIONAL recession challenges the resilience of Western democratic institutions. The economic reverses of the past two years have buffeted the smaller democracies as well as their larger neighbors. Traditionally, the smaller countries like Denmark face hard times with relatively meager resources and with scant influence in international forums.

Metropolitan Denmark, i.e., Denmark without the associated North Atlantic provinces of Greenland and the Faroe Islands, has a population of just over five million and covers scarcely more territory than the three southern New England states of Massachusetts, Connecticut and Rhode Island. More important, Denmark must import 99 percent of her energy requirements and most other important raw materials. International economic and political developments are critical for the country's prosperity and security; thus recent domestic economic and political developments must be related to more general changes.

By the early 1970's, the Danish political system was demonstrating a pattern that had firm historical roots and seemed likely to prevail indefinitely. For over half a century, that is, since the attainment of full parliamentary political democracy, no single party has won a majority of the seats in Parliament.¹ All

Danish governments have rested on several party coalitions or have served as minority governments dependent on support from one or more of the other parliamentary party groups. This fact distinguished Denmark from her two Scandinavian neighbors; in Norway, the Labor party enjoyed an absolute parliamentary majority from 1945 to 1961; in Sweden, the Social Democratic Labor party has at times reached a parliamentary majority. One should not imagine that coalition government in Denmark resembled the "musical chairs" of France during the Third and Fourth Republics or of postwar Italy. The Social Democrats and Radical Liberals governed together from 1929 until the German Occupation in 1940. They joined once again from 1957 until 1964. Until the 1960's, coalition parliamentary politics revolved around the four "old parties," with occasional intervention by smaller factions.

The Social Democratic party has been the largest political party by a considerable margin for two generations. Essentially reformist, the party has promoted the expansion of social welfare services and the economic ends of the trade unions, to which it has close ties. From the late 1920's until the mid-1960's, the Radical Liberals (*Det radikale Venstre*) were the most frequent allies of the Social Democrats. The Radicals have been a complex but small party, which originally united smallholder farmers with progressive urban intellectuals. The Radicals rejected "socialist" policies, but generally supported pragmatic social reforms. Their special platform was a rejection of

¹ In 1953, Denmark adopted a new constitution creating a unicameral legislature: the *Folketing*, which had been for over a generation the more important Lower House of the previously bicameral *Rigsdag*.

military defense, including Danish membership in NATO; they modified this position after 1957.² Although the smallest of the "old parties," the Radicals frequently held the parliamentary balance of power.

The Liberals (*Venstre*) have usually been the second largest party and the major alternative to the Social Democrats. Gradually, the Liberals have shed their agrarian image, although their ties to the large farmer organizations remain strong. From late 1945 to 1947, and again from 1950 to 1953, they formed minority governments with the assistance of the Conservatives, whose strength lies in wealthier urban groups. Although until the late 1960's the Liberals and Conservatives rarely initiated significant social reforms, they usually accepted the trend toward a social welfare state. Thus, in 1968, the two parties joined a changed Radical Liberal leadership to form Denmark's first modern non-socialist majority government. During the years of Radical-Liberal-Conservative government, from 1968 to 1971, social programs were maintained and, in fact, expanded no less rapidly than they had during previous Social Democratic administrations. Although many were surprised by this trend, it reflected the broad popular support of most important domestic programs during the postwar period.³ The Conservatives and, to a lesser degree, the Liberals might grumble about rising tax rates, but the non-socialist coalition continued to offer more public services.

Gradually, a fifth party became a presumably permanent fixture on the partisan spectrum. The Socialist People's party (*Socialistisk Folkeparti*, SPP) had been formed in 1959 by Aksel Larsen, the expelled former chairman of the declining Danish Communist party, and during the 1960's, the SPP moderately strengthened its position. After the 1966 elections, Jens Otto Krag, the Social Democratic Premier, decided to seek support from the Left, giving Denmark her first government of truly "socialist" composition.⁴ Nonetheless, the ideology of the "Red

Cabinet" did not change the agenda of Danish politics; when economic difficulties demanded tough fiscal policies in the fall of 1967, the Socialist People's party split, and its dissidents brought down the Social Democratic government. The SPP eventually recouped its losses, and in 1971 the Social Democrats once again formed a minority government, with regular support on domestic economic and social issues from the SPP.

Hence, although the constellations of Danish politics were complex, there seemed to be a pattern of continuity in Danish politics.⁵ The five-party system had evolved into a bipolar bloc of non-socialist "bourgeois" parties, on the one hand, and two "socialist" parties, on the other. The two blocs were of approximately equal size, and there was substantial agreement between the blocs on domestic priorities. The Social Democrats regained power by the narrowest of margins in September, 1971, but domestic political issues faded into the background as the debate over Danish membership in the expanded European Economic Community (EEC, or Common Market) escalated during late 1971 and early 1972. For a year, this issue dominated Danish politics and contributed to political strains.

TIES WITH WEST EUROPE

The issue of political and economic ties with neighboring West European states was not new on the Danish political agenda. During the 1950's and the 1960's, successive Danish governments had considered the advantages and disadvantages of regional political and economic activity. After efforts to form a Scandinavian Defense Union failed in 1949, Denmark chose NATO instead of traditional neutrality. She participated fully in the European Recovery Program (the Marshall Plan) and the related Organization for European Economic Cooperation (later to become the OECD). The formation of the European Coal and Steel Community did not involve any Danish decisions, but with the signing of the Common Market Treaty of Rome in 1957, Denmark began to reconsider her international economic position.

The heart of the complex problem was the fact that Great Britain remained Denmark's principal customer for agricultural exports; thus Denmark could consider no economic ties which might close the lucrative British market to Danish exports. Unfortunately, the British economy was among the least dynamic in West Europe, and West Germany and the other Scandinavian states were growing markets for Danish exports, particularly in industrial products. A Scandinavian Customs Union was considered in the late 1950's, but a better solution for industrial exports was the broader European Free Trade Association (EFTA). When Britain decided to seek membership in the European Common Market in

² I discuss the surprisingly important role of national security policy in Danish politics in *National Security and Domestic Politics in Post-War Denmark* (Odense, Denmark: Odense University Press, 1975).

³ For a detailed discussion of Danish political consensus through the 1960's see Mogens N. Pedersen, "Consensus and Conflict in the Danish Folketing 1945-1965," in Pertti Pesonen, ed., *Scandinavian Political Studies*, vol. 2 (New York: Columbia University Press, 1967), pp. 143-166.

⁴ The so-called "Red Cabinet" was actually a Social Democratic minority government relying on the Socialist People's party rather than on a non-socialist party for a parliamentary majority.

⁵ The details of these developments are discussed in Erik Damgaard, "Stability and Change in the Danish Party System over Half a Century" in Stein Rokkan and Helen Aareskjold, eds., *Scandinavian Political Studies*, vol. 9 (Oslo: Universitetsforlaget, 1974), pp. 103-125.

1961, the Danes assumed that they would follow the procession into a greater West European economic union. There were domestic objections, but it seemed likely that the required five-sixths majority in the *Folketing* could be obtained. In early 1963, however, the British attempt to join the European Economic Community collapsed with French President Charles de Gaulle's famous "non." Although Danish agriculture suffered the loss of some continental markets, general economic prosperity and industrial expansion minimized the hardships.

By 1969, the Danish government was once again seeking a broader economic community with the other Nordic states (Sweden, Norway, and Finland). Nordic regional trade in industrial goods and services had expanded vigorously during the 1960's under the aegis of EFTA, and since the mid-1950's citizens of one Nordic country had been free to seek employment in any of the other states. Some Danes hoped that expanded Nordic economic cooperation would open new markets for Danish agricultural surpluses. But before the Nordic economic issues could be settled, de Gaulle resigned, and President Georges Pompidou indicated that he did not share his predecessor's objections to "Anglo-Saxon" membership in the EEC. Thereafter, Danish representatives joined their British, Irish, and Norwegian colleagues in extensive negotiations for an expanded European Economic Community. Anti-EEC voices in Denmark and in the three other applicants were much stronger than they had been a decade earlier. The Socialist People's party, whose votes on domestic issues were crucial for the minority Social Democratic government, was totally opposed to EEC membership. There were also several objectors in the Radical Liberal and Social Democratic parties.

Nevertheless, the Danish Parliament approved the EEC membership treaty in December, 1971, by a wide margin of 141 to 32. A national referendum to confirm Danish membership was required before membership could become effective on January 1, 1973. The final parliamentary vote was short of the required five-sixths majority, and nearly all parties had pledged a national referendum regardless of the size of the majority.

The referendum was scheduled for October, 1972, and by the summer of 1972 the debate had heated up. The campaign produced much literature, some of it reasonably objective, and the issue also raised

fundamental questions about Denmark's political and social future. The Danish debates rarely approached the passions exhibited during the simultaneous Norwegian debate and referendum. The outcome in Denmark was a clear majority in favor of membership (63.5 percent), but the capital of Copenhagen and its closest suburbs voted against the EEC by a slim margin (52.3 percent). Although Social Democratic party leaders as well as the upper echelons of the trade unions had supported EEC membership, many in the rank and file disagreed. Yet the Socialist People's party continued to support the Social Democrats on domestic economic and social issues, and dissenting Social Democratic politicians quietly accepted the outcome of the EEC issue.⁶ By the time Denmark entered the expanded European Community, domestic economic issues were again the focus of political concern.

ECONOMIC BALANCE AND THE PUBLIC SECTOR

Danish governments have devoted most of their efforts to maintaining economic growth and balance. Denmark has benefited handsomely from the expansion of international trade and Western prosperity. Since 1945, Denmark has evolved from an economy with a mixed base of agriculture and small industry into an advanced industrial society of impressive affluence. In 1950, 25.6 percent of the Danish labor force was employed in agriculture and other primary occupations, and 33.8 percent worked in construction and industry. In 1973, the proportion of those employed in agriculture had been reduced to 9.5 percent, while the industrial sector still occupied 33.8 percent of the labor force. During the same period, the highly varied service and tertiary sector expanded from 40.6 percent to 56.7 percent of the labor force.⁷ The average annual rate of increase in the gross national product between 1950 and 1973 was approximately 4.2 percent, adjusted for price inflation. Despite this impressive performance, Denmark has encountered severe economic problems that explain some of her current difficulties.

Denmark's international balance of payments has been in chronic deficit during nearly all the postwar years. To cover the deficit, Denmark has had to borrow heavily abroad, and whenever the payments crisis has threatened to become excessively severe, Danish governments have been forced to slow down economic activity at home. Similar policies have also been necessary to control the inflation that threatened to make Danish exports too expensive for foreign markets. Efforts to avoid drastic measures by means of voluntary and involuntary price and income freezes have usually been less than fully successful. During the last two decades, nearly all Danish wage earners have received automatic, periodic, cost-of-living salary increases. While this has protected individuals

⁶ For additional details on the Danish-EEC debate see Gene G. Gage, "Denmark's Road to the European Communities," *Scandinavian Studies*, volume 46 (Fall, 1974), pp. 331-351.

⁷ Lars Eskesen, "Efterkrigstidens Økonomiske vækst i USA og Vesteuropa," *Økonomi og Politik*, volume 48, no. 3 (1974), p. 213, and Organisation for Economic Co-operation and Development, *OECD Economic Surveys: Denmark 1975* (Paris: OECD, 1975), pp. 72-3.

and families from some of the hardships of inflation, the country's overall economic balance has suffered.

Along with the expansion of production and incomes, successive Danish governments have expanded the public sector, in pursuit of social welfare, education, housing, and other popular but expensive programs. Such measures are usually identified with the Social Democrats, but between 1968 and 1971 the non-socialist governments of Radical Liberals, Liberals, and Conservatives demonstrated that they too were committed to more and better public services. These expensive programs have been financed by rapidly increasing tax rates. In 1973, 44.8 percent of the national income was taken by the public sector; this proportion was slightly less than the figure in several other Western welfare states (Norway, Netherlands, and Sweden), but it greatly exceeded the modest proportion (30.2 percent) collected in the United States.⁸ For the average Dane, in recent years soaring tax rates have been far more visible than growing public services. It is not unusual for a Danish family to pay 40-50 percent of its income in direct taxes, an additional "value-added" (sales) tax of 15 percent and very high luxury taxes (\$1.60 for a pack of cigarettes, \$13 for a bottle of liquor, and an automobile purchase tax exceeding 100 percent). In return, nearly all medical and educational services are provided without cost, and the overall quality of public services and facilities is impressively high. Nevertheless, in recent years some Danes have grown critical of the high cost of public construction, public salaries, and social programs. Loopholes and inequities in the tax system become more irritating as the tax rate increases; and criteria for efficiency in many new programs are difficult to establish.

Until 1968, the non-socialist parties were the main advocates of economy in government and lower taxes. During their term in office, however, public spending continued to rise even more rapidly. In retrospect, many voters were disappointed that even non-socialists could not control taxes and expenditures.

In 1971, a previously unknown tax lawyer, Mogens Glistrup, appeared on a television interview program to explain how he exploited tax loopholes and, despite a very considerable income, paid no income tax. As his reputation grew, Glistrup went on to express general hostility toward government waste, bureaucrats, and "welfare bums." In response to public attention, he organized a political protest movement around himself and other amateur critics of the Danish political establishment. The latter responded with amused detachment and an investigation of Glistrup's tax affairs. Nonetheless by 1973, Glistrup had established his new Progress party, and his movement was already showing substantial strength in the frequent

polls of the Danish electorate. By the summer of 1973, support for Glistrup's Progress party reached over 25 percent in a Gallup poll. At the same time, Anker Jorgensen, the new Social Democratic Premier, pushed for a reform of tax laws that meant increased taxes for the owners of single family houses. The non-socialist parties resisted the change in property taxation unsuccessfully, but within the Social Democratic party, another colorful and more professional politician, Erhard Jakobsen, threatened to break with the party on the tax issue.

As Danish politics became embroiled in these domestic issues, international events impinged suddenly and severely. The Middle East war of October, 1973, and the resulting oil embargo threatened havoc. More than half of Denmark's energy requirements came from oil, which was mostly supplied by the Middle East. Emergency energy-rationing measures were hastily applied. Nonetheless, the Social Democratic government lost its parliamentary majority when Erhard Jakobsen deserted the party on a critical vote. Elections were called for December 4, 1973, at a time of sudden economic distress, political discontent and popular frustration.

THE POLITICAL "SHOCK" OF DECEMBER, 1973

Postwar Danish elections have traditionally produced only small changes in the composition of the *Folketing*; given the delicate balance of Danish politics, small changes are often decisive. The outcome of the December, 1973, election produced the greatest change in the distribution of seats since the establishment of full parliamentary suffrage and democracy in 1920. In 1971, the four "old parties" received collectively 84 percent of the votes, but in 1973 their share was reduced to about 58 percent. Each of the parties, and the Socialist People's party, lost many seats. The old Parliament contained five well-known parties; the new Parliament contained ten, three of which had never been represented before. Each of the five new delegations represented a group of frustrated voters. Glistrup's Progress party received
(Continued on page 182)

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⁸ OECD, *ibid.*

"In evaluating trends toward stability and instability in the Swedish social welfare system, it should be remembered that many of the symptoms of social stress in Sweden are endemic in the Western world. In Sweden, these symptoms are generally less pronounced."

Sweden's Social Welfare System

BY MARTIN SCHIFF

*Former Professor of Political Science, Rutgers University and
the City University of New York*

THE SWEDISH social system symbolizes modernity perhaps more than any other in the world.¹ Since the 1930's, Sweden has attracted attention for her highly developed social welfare system, which is based on a spirit of conciliation and compromise in labor-management relations, a pragmatic orientation, material prosperity, and relatively equal treatment of the sexes. Sweden is in many respects the world's laboratory for experiments in environmental and social matters. The Swedish value structure emphasizes equality, progress, science, secular rationality, individualism, democracy, empiricism, usefulness of knowledge, malleable institutions, legalism, privacy and nonviolence. These values have been credited with promoting social equilibrium, the tendency of a social system to regulate itself so as to stay constantly in balance, compensating for all forces for change brought to bear upon it.

A closer look at Swedish society indicates that the attention it receives from other countries is well deserved. Swedish unemployment is among the world's lowest, usually at around one percent or two percent. Recipients of actual relief account for only two percent of the total social welfare expenditures. Swedish per capita gross national product is the world's highest. Sweden also has the world's lowest infant mortality rate and the highest longevity rate, more hospital beds and television sets per capita than any other nation, second in rank only to Japan in new housing per capita, economic security for all, excellent hospital, medical, police, fire and transportation services,

and the virtual elimination of urban slums and rural poverty.

Free universal education exists up to the doctoral level. The average Swede reads as much per capita as an American college graduate, and the Swedish book publication rate per capita is more than three times that of the United States, and fourth highest in the world. Fifty-four newspapers are bought per 100 Swedes compared to 32 per 100 Americans. Only 17 percent of Swedes believe in hell compared to 65 percent of Americans.² Finally, Sweden has moved closer to equality of the sexes than any other country, and arbitrary sex role differentiation in the schools has been eliminated.

In recent years, however, critics (especially from abroad) of Swedish society have asked whether Sweden's modernity has been achieved at the expense of some of her own values. Others question the Swedish value structure itself and its ability to maintain equilibrium in the absence of certain other discarded values. Sensational elements in the Western press have criticized Sweden as a nation of sex, sin, suicide and socialism. Serious critics have pointed to problems like alcoholism, juvenile delinquency, the deterioration of the family and increasing rates of crime, sexual promiscuity, venereal disease, suicide and drug addiction. To its most severe foreign critic, Sweden is a nation of "new totalitarians," whose modernity cannot obscure severe symptoms of social stress.³

SEXUAL EQUALITY

Beliefs in the equality of the sexes, sexual liberation and women's liberation are said to have contributed to social stress. Yet these beliefs have their antecedents in traditions that lasted for centuries. Sweden never seriously adopted the puritanical double standard of sexual morality imposed on women elsewhere. To a certain extent, sexual liberation and women's liberation were derived from Sweden's rural past, when labor was at a premium and men and women were ex-

¹ For a mathematical model to measure modernity, see Thomas P. Dunn et al., "Modernity—A Myth No More?" paper presented to the Society for the Advancement of Scandinavian Study, Minneapolis, May 5, 1973.

² Statistics are available from the Swedish National Bureau of Statistics and the World Health Organization; see also Richard F. Tomasson, *Sweden: Prototype of Modern Society* (New York: Random House, 1970).

³ Roland Huntford, *The New Totalitarians* (New York: Stein and Day, 1971).

pected to work the farms equally. Individualism and equality were bred in these rural conditions because the great distance between farms put great value on both husband and wife in their joint struggle with harsh weather, infertile soil, war, disease and, sometimes, the government. The farmer needed children's hands to work the farm, and he encouraged his daughters at an early age to marry and/or become pregnant.

In fact, in traditional agrarian Sweden as late as 1900—when 75 percent of the population still lived in rural areas—premarital sexual relations were virtually institutionalized. A prospective husband went through an elaborate courtship procedure of "night visits" whereby he became acquainted with his bride-to-be. Every single week, without interruption, the boy would visit the girl in the evening until, after about five or six visits, they became sexually intimate and were considered engaged. Any interruption in night visiting would generally mean that the boy was no longer interested and was pursuing another girl.

This ritualized wooing was conducted with the approval of family, community and youth peer groups. The farmer encouraged it to determine the couple's compatibility. A high 10 percent of the births that resulted were illegitimate. When a couple decided to marry, they had already had sexual intercourse. Marriage itself did not take place generally until the girl was pregnant or had given birth to a son.⁴ This agrarian pattern of egalitarian sexual permissiveness was strengthened by new secular, pragmatic forces in the twentieth century.

Rural Sweden's pragmatic and permissive approach to sexuality continues to this day. About 98 percent of Sweden's current married population had sexual relations before marriage including (but not limited to) intercourse with future mates. There is an overwhelming national consensus, with little variation between the generations and the sexes, that sexual relations between couples engaged, going steady or living together are normal and likely to improve the chances for a lasting relationship. An identical consensus supports the government's policy of granting unwed mothers the full rights of married mothers, including the designation of "Mrs." if the mother so desires.⁵

Much of Swedish sexual intercourse today takes place during trial marriages, and 43 percent of all

brides in Sweden are pregnant at their weddings. The love relationship is considered paramount over the marriage certificate for most Swedish women as well as men. As in ancient times, relationships are usually formalized in marriage, when a child is expected, and pregnancies are usually planned. The marriage rate has dropped 35 percent since 1966 as the pace of women's liberation accelerated. Swedes have a strong sense of commitment to their sex partners, and sexual promiscuity is discouraged despite the ease of contraception. Marital infidelity has not increased despite the gradual removal of sexual restrictions and inhibitions in recent years. Premarital sexuality has not generally led to extramarital relations later on. Ninety percent of all married Swedes disapprove of extramarital sex.⁶

Swedes acquire their sexual sophistication early, at home from parents, who are not ashamed of nudity and sexual frankness, and at school, through sex education instruction. It seems paradoxical, on first glance, that the pornography industry could thrive in a society free of sexual repression. But foreigners frequent the sex bookshops and films in Sweden and keep them in business. There appears to be no correlation between pornography and sexual crimes that would necessitate government intervention. Sweden has a very low incidence of prostitution, sex offenses and venereal disease. Through 1967, for example, the World Health Organization reported that Sweden averaged one rape and 4.3 cases of early syphilis per 100,000 population; the United States averaged 5.8 and 10.8, respectively, per 100,000 population. Sweden's gonorrhea rate was a more serious 50 per 100,000, but the United States rate was twice that.

POLITICAL EQUALITY

Women achieved full political equality in Sweden when the right to vote was won at the end of World War I. Except in the armed forces, the police and a few similar branches of the public service, the Swedish government employs women on the same conditions and at the same salaries as men. Private employers have moved far toward full employment equality for women. It is not at all unusual to find Swedish women working as doctors, lawyers or even bus drivers, despite traditional male domination in these areas elsewhere in the West. As a result of government incentives in the last three years, some 150,000 women have entered the labor market, and women now constitute about 40 percent of the labor force in Sweden.

The tendency toward equality for women flourished because of the late arrival of Christianity, with its male supremacy myths. Christianity was relatively less harsh in the application of its dogma in Sweden than elsewhere in Europe, and failed to reduce the status of women significantly. The growth of science

⁴ Frederic Fleisher, *The New Sweden* (New York: David McKay Company, Inc., 1967), p. 259.

⁵ Hans L. Zetterberg, *The Contraceptive Society* (Towata, N.J.: Bedminister Press, 1969); "Sweden: The Contraceptive Society," *Look*, February 4, 1969.

⁶ See Birgitta Linnér, *Society and Sex in Sweden* (Stockholm: The Swedish Institute, 1971), pp. 22, 27-28; Birgitta Linnér, *Sex and Society in Sweden* (New York: Pantheon Books, 1967), pp. 21, 30; Hans L. Zetterberg, *On Sex Life in Sweden* [Om Sexuallivet i Sverige] (Stockholm: Royal Commission on Sex Education, 1969).

and technology in the twentieth century led to a general decline in the importance attached to organized religion, a decline that especially enhanced the role of women in Sweden. The Swedish national church itself joined the trend toward equality of the sexes by pioneering the ordaining of women for the clergy in 1960.

The adaptation of Sweden's traditional sexual equality to changing conditions caused little apparent disturbance. The concept of equality of the sexes, with its roots in the traditional Swedish farm family, has achieved the status of a national and international myth. The adaptation, however, has not been without its consequences. The Swedish woman is no longer tied to the land, and she is no longer strongly tied to marriage and the family. The divorce rate is higher in Sweden than in most other countries, although the rate is not so high as in the United States. Because of the high percentage of women in the labor force, at an early age children are turned over to government-run nurseries and child-care centers during each working day; the traditional close ties between parent and child have been discarded. Sweden's taxes, which are among the world's highest, influence women to work to maintain the family's living standard. Thus the traditional value of a strongly united family is obsolete.

The consequences of social adaptation in Sweden, however, should not be perceived in a vacuum. About 45 percent of all marriages in the United States end in divorce; the corresponding figure for Sweden is 35 percent.⁷ In a modern, secular, pragmatic society, divorce is obtained relatively easily. In Catholic and more traditional social systems, of course, divorce is either illegal or nearly impossible to obtain. These societies also maintain a male-dominated double standard of sexual behavior both in and out of marriage. It is noteworthy, moreover, that the United States has a higher divorce rate than Sweden despite generally more stringent American divorce laws. In Sweden, a divorce is automatically granted, if requested by either marital partner, either after one year's separation or immediately in the case of desertion, bigamy or adultery.

Sweden has been a pioneer in contraception on the premise that no child should be born unless he is wanted. Yet with her traditional labor shortage, Sweden requires more births. The result has been a growing acceptability of illegitimacy and unwed mothers, especially in recent years, when Sweden's prosperity accelerated. Since 1960, there has been a

rise in illegitimate births from 10 percent to 18 percent.

The problem of alcoholism in Sweden is very real but is still less of a problem than it is in 26 other countries. Alcoholism has not increased in the last 20 years despite the tremendous rise in living standards and income that are necessary to pay the high prices of alcohol. Sweden consumes less hard liquor and has less alcoholism than the United States or France, according to the World Health Organization. France had 46 deaths due to alcoholism and liver cirrhosis per 100,000 population, and the United States had 14.4, but Sweden had only 7.2 such deaths. In fact, Swedes are changing their drinking habits increasingly, from such pure alcohol drinks as "snaps" and "brännvin" to beer and wine. As part of a general anti-liquor policy, the government has encouraged this trend through its State Wine and Liquor Board, which has a monopoly on the sale of alcoholic beverages. Taxes on liquor are extremely high, making the cost prohibitive by American standards, but taxes on beer and wine are correspondingly low to encourage their use.

The pragmatic approach that allows sexual permissiveness has led to the world's most severe laws on drunken driving. A Swede convicted of driving while intoxicated may be imprisoned and have his license revoked for up to five years, because he is considered a menace to life, including his own, even if no accident has occurred. From 1965 to 1968, the number of arrests for drunkenness in Sweden decreased from 117,745 to 111,772; arrests of drunken youths under 21 decreased from 13,536 to 11,359. Swedish consumption of brännvin, especially as a table drink, has been a national tradition for 500 years but is in decline. Swedes drank 40 liters of alcohol per adult per year in 1830 as against five today.

There are some 15 temperance organizations in Sweden, financed by state funds, whose pragmatic anti-liquor lobbying efforts approach in fervor the anti-sex campaigns waged periodically by church and puritan groups in the United States. Moreover, state liquor shops advertise *against* the use of liquor, and the schools educate children from the first grade about the harmful effects of liquor. To many Swedes, such measures seem to perpetuate the myth of Swedish alcoholism and represent an overreaction to the dangers of liquor.⁸

It is true that crime and drug addiction are on the rise in Sweden but no more so than in other highly industrialized Western states with rising living standards. Sweden has between 10,000 and 12,000 addicts, about 6,000 of them in Stockholm and the rest principally in Goteborg and Malmö-Lund. With a population approximately that of New York, Sweden has only about 10 percent of New York's problem, now estimated at 100,000 addicts. Sweden's amphetamine

⁷ Swedish National Bureau of Statistics and United States Census Bureau. (Divorce rates in both countries have nearly doubled since 1965.)

⁸ Ruth Link, "The Dying Drinking Mystique," *Sweden Now*, July-August, 1969, pp. 40-52; *The Alcohol Question in Sweden* (Stockholm: Swedish Council for Information on Alcohol and Other Drugs, 1969).

problem may be the world's most acute—including such drugs as Preludin and Ritalin, which are legally sold in the United States—but heroin has not yet caught on. Both drugs are illegal in Sweden. Sweden's addicts have resorted to crime, but not with the same viciousness as American addicts. About half of all check forgeries in Sweden are committed by addicts, and as many as 80 percent of Stockholm's few prostitutes are addicted to amphetamines. In other respects, crime is still a minor problem compared to other countries.

The growth of Sweden's drug problem is illustrated by the fact that, in 1965, 20 percent of Swedish males who were arrested were drug users, in 1966, the figure had risen to 25 percent, and in 1967 to 33 percent. Various efforts have been made to treat this problem—from police crackdown on supplies and sales to temporary legalization of all drugs by prescription—but to no avail.⁹ The Swedish emphasis remains on efforts to cure and rehabilitate the addict rather than to punish him, a backlash approach that is increasing in the United States. Sweden has also pioneered such prison reforms as fenceless prisons, prisoner furloughs, and conjugal visits, on the theory that the best way to rehabilitate an offender is to keep him in the normal framework of society.¹⁰

Perhaps the most frequent criticism of the Swedish social system is the allegation that Sweden has the world's highest suicide rate. In fact, according to U.N. statistics, the Swedish suicide rate is exceeded by 10 other countries. The World Health Organization's 1968 report on suicide states that there is "gross under-reporting" of suicide in most countries because of legal, religious and social consequences. Catholic countries frequently label suicides as accidents. In countries like France and Belgium, where the official suicide rate is below that of Sweden, the figure for "other accidents" far exceeds the comparable figure for Sweden. Studies indicate that New York City underestimates its suicides by as much as one-third; Scotland records only half its suicides.

Sweden's reliable statistics and routine autopsies also more clearly ascertain suicide. Moreover, Sweden has the world's highest longevity rate and a very

low birth rate; thus three-fourths of her eight million people are over the age of 25, a high suicide-risk category. In the United States, by way of contrast, half the population is under the age of 25. One of every eight Swedes is over 65, compared to one of every 11 Americans. Given ambiguity over the question of suicides vis-à-vis accidents, especially in motor vehicle deaths, it is significant that Sweden's combined total for car accidents, other accidents and suicide is 67 per 100,000 population while the comparable total for the United States is 69 per 100,000. Finally, while Sweden led the world in suicides as late as 1952, its official suicide rate has remained relatively constant for the last half-century and has been surpassed, since 1952, by the rates of 10 other countries and West Berlin and California. The welfare state has had its most extensive growth, incidentally, during the period when Sweden's official suicide rate fell to eleventh in the ranking of nations of the world. In Sweden, suicides have usually been those whose formative years passed in the decades before the welfare state was created and before sexual liberation accelerated.¹¹

SOCIAL WELFARE

The Swedish social welfare system has evolved through careful planning in an effort to create the good life in material terms. An elaborate network of political, social and economic institutions has been created to maximize input and to insure social equilibrium. Contrary to popular belief, about 94 percent of industry in Sweden remains privately owned. The welfare state, accepted in principle by all political parties and major interest groups, has abolished poverty, provided generous medical, education, employment and pension benefits, and encouraged intellectual, economic and childbirth productivity. The comprehensiveness of the welfare state—true "cradle to the grave" insurance—is designed to utilize fully all available human resources.

The traditional principles of freedom of the press and publicity of official documents have been maximally implemented by an opposition press highly critical of the governing Social Democrats and by the ombudsman, an official to whom complaints about other bureaucrats may be directed for investigation by his office. Through these institutions Swedes can easily criticize the bureaucracy or the entire government without fear of reprisal. Groups are encouraged to express their positions and to provide technical input into the legislative process. Moreover, in recent years, a system of subsidies has been established to encourage groups to organize, to educate and to participate politically.

Despite material prosperity, group participation in political decision-making and institutional democracy, even the strongest proponents of the Swedish social system will admit that the system is not so stable as it

⁹ Richard Severo, "Mainlining Amphetamines Rising Problem in Sweden," *The New York Times*, April 10, 1970, pp. 41, 49; *Drug Abuse in Sweden* (Stockholm: The Swedish Institute, 1972).

¹⁰ *The Swedish Correctional System* (Stockholm: The Swedish Institute, 1971); see also David A. Ward, "Inmate Rights and Prison Reform in Sweden and Denmark," *The Journal of Criminal Law, Criminology & Police Science*, vol. 63, no. 2 (June, 1972), pp. 240-255.

¹¹ Ruth Link, "Suicide: The Deadly Game," *Sweden Now*, pp. 40-46; "On Suicide," *Time*, November 25, 1966, pp. 48-49; Peter C. Newman, "Sweet Sweden," *Atlas*, December, 1971, pp. 22-24 at p. 24; Fleisher, *op. cit.*, pp. 168-169. See also, Herbert Hendin, *Suicide and Scandinavia* (New York and London: Grune & Stratton, Inc., 1964).

used to be. A new "politics of conflict" based on economic differences seems to have replaced the old "politics of compromise."¹² There has been an unprecedented rash of strikes in recent years, and unemployment, until recently, was increasing. Swedes complain of a recent wave of crimes including many bank robberies in Stockholm and violence in stations of the Stockholm subway. There is economic and social conflict between native Swedes and the more than 350,000 foreign workers who have been imported into the country to fill the less desirable jobs rejected by young Swedes.¹³

In the interest of abolishing still-prevailing class differences and furthering equality, the Swedish government abolished the comprehensive school-leaving examination at the end of secondary school and eliminated nearly all written and oral testing for university entrance. Traditional examinations were replaced by new approaches stressing skills other than the verbal dexterity that was mostly the product of upper-class homes and upbringing. Since 1962, there has been a resultant heavy inflow of children from blue-collar families into the universities, but their expectations of improved wages and socioeconomic status were generally not realized. Sweden experienced a decline in her rate of economic growth and in terms of trade in the 1960's as a result of competition from the European Economic Community; white-collar jobs thus failed to materialize for the new class of university graduates. At the same time, the government's educational reforms stigmatized the value of blue-collar labor.

The Swedish unemployment rate, traditionally around 1 percent of the work force, rose to between 3 and 3.5 percent at the beginning of the 1970's, mostly concentrated in the white-collar category. Unemployment was especially acute among teachers, many of whom had graduated from teacher-training institutes since 1962. White-collar unemployment, coupled with a reform that raised taxes for white-collar employees, seemed to discourage students with blue-collar origins from entering universities. Disillusionment in higher education was reinforced by the traditional blue-collar or working class suspicion of the university as a citadel of class prejudice and a luxury reserved for the rich. The egalitarian nature of the educational reforms nevertheless softened the focus of student resentment against the traditional class system.

¹² See Martin Schiff, "Sweden Today: The Politics of Transcendentalism," *Current History*, vol. 68, no. 403 (March, 1975).

¹³ See Martin Schiff, "Swedish Social Welfare Policy and the Foreign Resident," *Scandinavian Studies*, vol. 46, no. 1, (Winter, 1974); Martin Schiff, "New Immigrants in Sweden," *The American Scandinavian Review*, vol. 60, no. 2 (Fall, 1972).

¹⁴ Swedish physicist and social critic Tor Ragnar Gerholm, quoted in *The New York Times*, December 26, 1974, p. 12.

As a result, "two-thirds of young people feel they have failed" personally rather than feeling poorly served by the social and educational system.¹⁴ The alienation they experience from the system is, therefore, often harsher than ever.

The Social Democratic government also revived the ideology of class struggle along the lines of evolutionary marxism at the same time it was enlarging the white-collar, university-educated class against whom its reforms were directed. The heightened awareness of class consciousness among blue-collar elements fostered by the Social Democrats led to increasing resentment of the growth of the government's own bureaucracy, still composed largely of university graduates of middle- and upper-class origins.

Sweden's unprecedented series of strikes was led by better-paid white-collar workers seeking to restore their wage differentials. The strike in 1971 encompassing some 50,000 white-collar workers on strike or locked out was termed "the luxury strike" and "the college graduate walkout" by Swedish newspapers. It was not surprising that Sweden's traditional labor peace was being shattered at the very time that the government was instituting a series of unprecedented democratic reforms designed to alleviate worker alienation and boredom in industrial plants. These reforms seemed to heighten the tension and the sense of class conflict between the blue-collar and the better-paid white-collar workers both in and outside the government.

To a large extent, Swedish social malaise reflects the threat to the material prosperity that is the core of Swedish social equilibrium. In the early 1970's, inflation rose to a record high in Sweden, which already had Europe's highest cost of living. Taxes are almost the world's highest; the government's plans for redistributing national income while curbing industrial pollution have resulted in even higher taxes for most Swedes. A trade deficit of over \$200 million, based on the declining competitiveness of Swedish exports, and a national budget deficit of \$600 million threatened to lower the standard of living. Rising competition and Sweden's exclusion from the European Economic Community indicated a stagnating economic future.

In the light of these economic problems and the consequent electoral setback for the governing Social Democrats in 1973—their worst showing in 40 years—the Swedish government acted to restore economic health. Since 1973, the government has used orthodox economics to combat inflation and has resisted borrowing to stimulate the economy. Instead, funds have been released to stimulate industry from Sweden's so-called "investment fund," in which companies set aside money out of pre-tax profits into special accounts in the National Bank. Companies are induced to make this contribution by highly de-

sirable tax advantages. Some of the nearly \$2-billion fund was released to spur exports and industrial investment in specific areas of the country where industry and jobs were needed. The Volvo corporation credits the investment fund system with its place as Sweden's largest single industrial company and largest exporter.¹⁵ Some of Sweden's larger export corporations had a profit increase of over 100 percent in 1974 and increased their exports further in 1975. Sweden's 200 largest companies achieved record profits in 1974, the best year overall that Swedish industry has had since World War II. The record increase in exports in 1974 and productivity gains led to real increases in earnings; thus, disposable incomes increased by 2 percent in 1974 and about another 1 percent in 1975 despite a 7 percent to 8 percent annual rate of inflation. By contrast, most other Western nations had negative growth rates with inflation outstripping productivity by about 2.5 percent in both 1974 and 1975. Since 1973, the Swedish national economy has ceased operating at an annual deficit, thereby helping reverse Sweden's deteriorating balance of payments. Sweden's rate of inflation is now lower than any Western country other than West Germany.

The government has also acted to reduce the growing unemployment. A pool of 50,000 jobs was created for emergency public works for the unemployed. Subsidized schooling and job-retaining were alternatives for those laid off. Subsidies were also made available to recession-hit companies to enable them to keep workers on their payrolls by setting up training courses and creating short work weeks. Tax incentives were also given to industry to expand productivity and employment—especially of women and young people—in a variety of areas. Sweden's computerized job placement system was also expanded to increase the speed with which job-seekers could be matched with available jobs in their fields. As a result, employment rose 3 percent from March, 1974, to March, 1975, while unemployment dropped to 1.2 percent of the labor force, its lowest level in five years, at which point it stabilized in 1975.

The government undertook to reduce worker malaise by a number of innovations. A new investment fund of \$500 million was created for on-the-job health and safety measures. By contrast, in the United States, a country 30 times the size of Sweden, only \$3.2 billion was set aside by all American industry to improve the working environment. A quota system favoring the employment of women was introduced for at least 50 percent of all jobs financed by state funds in less developed areas of Sweden. The Parenthood Benefit, an insurance plan, went into effect on January 1, 1974, entitling mother and father jointly

to seven months of time off with pay after a child is born. The compensation is identical with sick leave pay, which, for most Swedes, is about 90 percent of the wages received from work. The parents can split up those seven months between themselves just as they please. Included with the insurance is a right to home leave with pay when a child under ten falls ill. This right holds good for ten days per year per family, and the days can also be divided between the parents any way they please.

At the end of 1975, the government announced its most ambitious effort toward "industrial democracy" and the planned restructuring of the society toward equality. The plan, which is to take effect in 1977, gives workers a share in virtually all the decisions private industry has traditionally reserved for management. These decisions include the appointment of directors as well as foremen, important management decisions, such as expansion, pricing policies and mergers, and the right of unions to demand full information about a company's affairs. The government's major supporter, the trade union confederation (LO), has proposed further that a proportion of all company profits should be progressively transferred to worker funds so that all companies will be worker-controlled within 20 years. Already, worker benefits have expanded in recent years: workers over the age of 45 must be given six months' notice of dismissal; workers can close a factory if conditions seem hazardous to health; workers can reject a factory assembly line in certain cases in favor of small worker teams that divide the work among themselves; worker representatives sit on the boards of directors of all companies with more than 100 employees.

As a result of the government's efforts to stimulate the economy while curbing inflation and unemployment, Sweden's labor costs are the world's highest, followed by the United States, Norway, Denmark, Canada and West Germany. (In 1973, the United States still had the world's highest labor costs with Sweden second, 4 percent behind.) In 1975, there were still renewed wildcat strikes on behalf of cleaning women and a few forestry workers. Yet labor strife

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¹⁵ *Sweden Now*, vol. 9, no. 5 (1975), p. 6.

"While Icelanders have always depended on the sea to supplement their meager livelihood from the land, today their very survival as a modern society depends on the export of fish. . . . The big question is whether Iceland will be able to gain full and effective control of fishing within her 200-mile limit."

Iceland's Survival and the Law of the Sea

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ON OCTOBER 15, 1975, Iceland extended her fisheries limits to 200 nautical miles,¹ claiming jurisdiction over all fishing and conservation activities in this vast expanse of sea, more than three-quarters of a million square kilometers.² No other North Atlantic nation yet claims fisheries jurisdiction in excess of 12 miles. The Icelandic waters, it is important to note, are among the richest fishing beds in the world, the result of a large and shallow continental shelf where warm and cold ocean currents meet and where there is an abundance of ocean plant life. These provide the ideal conditions for spawning areas and nursery grounds.

This is the fourth time Iceland has unilaterally extended her fisheries limits since she achieved independence from Denmark in 1944. Limits were extended from three to four miles in 1948, to twelve miles in 1958, and to fifty miles in 1972. Once again, as was the case in 1958 and 1972, a "cod war" has broken out between Iceland and Britain, and in December, 1975, the British Navy was again dispatched to protect British trawlers that were fishing within the newly declared limits.

A number of British trawlers have seen Icelandic patrol boats cut the warps holding their nets and have been subjected to other sorts of harassment for fishing in "illegal" waters. In December, two patrol boats were rammed by English frigates; in one case there was an exchange of fire but no casualties. Both sides are using restraint to prevent a hot war, but the cod war is enormously stressful on those directly involved.

¹ When the distance to another country is less than 400 miles, as is the case with Jan Mayen (Norway) and Greenland and the Faroes (both Denmark), a median line is drawn between the two.

² Excluded at this time are all other sorts of jurisdiction over this area.

One can survive only a few minutes in the winter waters of the North Atlantic.

Iceland's case is compelling from the point of view of her survival as a modern nation with a high standard of living. Fish is her major foreign exchange medium, and the fishing grounds are rapidly becoming depleted. In the late 1960's, the profitable herring disappeared from Icelandic waters because of over-fishing. The disappearance of the herring, combined with a decline in export prices, brought a drop in real per capita income in excess of 16 percent between 1966 and 1968—a severe decline in living standards. Should more species disappear—particularly the cod and other demersal or bottom-feeding fish (e.g., haddock, saith, redfish)—Icelanders would face the prospect of mass starvation or mass emigration. While the catch of demersal species has remained fairly stable in recent years, catching them now requires more sophisticated equipment and greater effort.

Yet Iceland's extension of her fisheries limits has violated the traditional law of the sea or, rather, that version of the law that has long been accepted by the countries of northwestern Europe. The classic statement of this tradition is Hugo Grotius's account of maritime law in *Mare liberum* (1609), which holds that the high seas cannot be possessed and must therefore belong to all mankind. Even Britain's agreement with other North Atlantic coastal states on the resources of the North Atlantic sea beds, mainly oil and natural gas, does not claim jurisdiction over the fish above these sea beds.

In the United Nations and other international bodies, Iceland aligns herself with the newly emerging "progressive law of the sea" as elaborated by the developing nations. Icelanders distinguish the "progressive" law from the "old colonial school of thought" descending from Grotius. The developing countries

want to exploit the economic potential of their coastal seas and sea beds and fear competition from technically advanced nations. Interestingly, a number of Latin American countries unilaterally extended their economic jurisdiction to 200 miles in the 1940's after two proclamations by United States President Harry Truman in 1945 supported conservation and the utilization of the resources of the United States continental shelf and coastal fisheries.³ The 200-mile distance was set by Chile and Peru in 1947 because the richest fishing grounds extended up to 200 miles off their coasts.

The next session of the United Nations Conference on the Law of the Sea will hopefully conclude its work by the summer of 1976. The great majority of the representatives, mostly from the developing nations, favor a 200-mile conservation and utilization limit for coastal states. The question then arises; why did Iceland antagonize her fellow members of the North Atlantic Treaty Organization (NATO), above all, Britain, by declaring a 200-mile fishing limit so peremptorily when her case would have appeared so much stronger had she waited until the conference completed its deliberations as the United States and other nations appear to be doing? Prime Minister Geir Hallgrímsson answered this question in a radio address to the nation on October 14, the day before the official extension of the fisheries limit. He said:

The answer is that the fish stocks in the waters adjacent to Iceland are in such danger of extinction that it would, indeed, be a matter of heavy responsibility to wait any longer. . . . Our livelihood is at stake.

The singlemindedness and the militancy of Icelanders on this issue are reflected in the Prime Minister's statement:

We shall not enter into any agreements which do not fully conform with our interests, and we shall either negotiate for full victory or, if such is our fate, fight until victory is won.⁴

Support for the government's decision is unanimous in Iceland. The decision of the Althing (Parliament) to extend the fishing limits to 200 miles was approved

³ For an excellent general treatise on the law of the sea and the influence of the Latin American states, see Karin Hjertónsson, *The New Law of the Sea* (Stockholm: P. A. Norstedt, 1973).

⁴ The most recent publication in English of the Icelandic case is *The Fishery Limits off Iceland: 200 Nautical Miles* (Reykjavik: Ministry for Foreign Affairs, October, 1975). This includes, among other documents, an English translation of the Prime Minister's October 14 speech.

⁵ Much of the most recent material in this article is taken from the November–December, 1975, and January, 1976, issues of *News from Iceland*, published in Reykjavik.

⁶ For a history of Icelandic waters, see Douglas M. Johnston, *The International Law of Fisheries* (New Haven: Yale University Press, 1965), pp. 182–187.

⁷ The British case is outlined in *Fisheries Dispute between The United Kingdom and Iceland* (London: Her Majesty's Stationery Office, June, 1973), Cmnd. 5341.

unanimously as were all the previous extensions. Differences of opinion involve what kinds of special agreements and concessions, if any, should be offered to those countries that have traditionally fished in Icelandic waters. Short-term agreements were made in December with West Germany and Belgium, with much opposition from the parties in opposition to the government.⁵ Similar agreements may be reached with Norway and the Faroes.

There was even some hope by January, 1976, that Iceland would come to terms with Britain, by far the most important foreign nation fishing in Icelandic waters. This came about only after the British acceded to Iceland's threat to break diplomatic relations and to leave NATO unless Britain removed her warships from Icelandic waters. NATO Secretary-General Josph Luns acted immediately behind the scenes to persuade Britain and Iceland to attempt to come to terms. Iceland is conciliatory because she realizes that her threat to quit NATO is ultimately empty because she cannot operate by herself the giant NATO airport at Keflavik that is so important to Icelandic commercial aviation. The British are conciliatory because of the near certainty that the United States will follow Iceland and unilaterally declare a 200-mile fisheries limit in the spring of 1976. (The Senate passed such a measure on January 28, 1976, and a similar bill passed earlier in the House.) The British are further concerned to reach an agreement that is acceptable to Icelandic public opinion. If the government led by Geir Hallgrímsson falls on this issue, it will be replaced by the opposition left parties, far more anti-NATO and less pro-West than the present coalition.

THE BRITISH CASE AGAINST ICELAND

The British have been fishing off the coast of Iceland since the beginning of the fifteenth century;⁶ for a long time, Icelandic waters have been their most important distant fishing grounds.⁷ In the last half century, not including the war years, the British have taken about 170,000 metric tons of fish a year, more than three-quarters of it cod, from Icelandic waters. Since 1950, British trawlers have been responsible for about one-fourth of the total catch of demersal species; the Icelanders themselves have taken about half the total. About 20 percent of all the fresh and frozen fish brought to British ports by British trawlers comes from Iceland. The principal ports for the Icelandic fish are Hull, Grimsby, and Fleetwood. Indeed, a 1973 Parliamentary Report held that if the British were forced to phase out their fishing in the Icelandic area as was once suggested by the Icelandic government (and phaseout is almost certainly their present aim), it would have "virtually destroyed the life of three British fishing ports." The pressure on the British government from members of Parliament

representing these areas and from the British Trawlers Federation is severe, and it is aggravated by the high level of unemployment plaguing Britain. Every trawler not operating means that 20 men are unemployed.

In 1961, in a successful exchange-of-notes that ended the first cod war, Iceland agreed to let the British fish within the outer six miles of her twelve-mile limit, subject to certain restrictions, for a period of three years, in return for Britain's recognition of Iceland's unilaterally proclaimed limit. The British government agreed, "in view of the exceptional dependence of the Icelandic nation upon coastal fisheries for their livelihood and economic development." There was bitter opposition to the agreement in both Iceland and Britain. A controversial paragraph in the original Icelandic note that constituted a part of the agreement was the following:

The Icelandic Government will continue to work for the implementation of the Althing Resolution of May 5, 1959, regarding the extension of fisheries jurisdiction around Iceland, but shall give to the United Kingdom Government six months' notice of such extension and, in case of a dispute in relation to such extension, the matter shall, at the request of either party, be referred to the International Court of Justice.⁸

On April 14, 1972, after Iceland had declared her intention of extending her fishing limit to 50 miles, Britain (later joined by West Germany) asked the Court of International Justice to declare (1) "that there is no foundation in international law" for Iceland to be allowed to extend her fisheries jurisdiction to 50 nautical miles, and (2) "that questions concerning the conservation of fish stocks in the waters around Iceland are not susceptible in international law to regulation by the unilateral extension by Iceland" of her jurisdiction to 50 miles.

When the Icelandic government went ahead with regulations enforcing the 50-mile limit, Britain asked the court to provide interim measures prior to making its substantive judgment for the protection of the parties concerned. On October 17, 1972, by a majority of 14 to 1, the court gave some provisional orders, without passing on the merits of the case. In brief, the court ordered both parties to do nothing that would aggravate the situation or extend the dispute.

⁸ The document from which this is quoted and many other pertinent documents are to be found in *The Evolving Limit of Coastal Jurisdiction* (Reykjavik: Government of Iceland, June, 1974).

⁹ Information on the July 25, 1974, decision was supplied by Sven Groennings, United States State Department.

¹⁰ *Manchester Guardian Weekly*, vol. 113, no. 21 (November 23, 1975), p. 3.

¹¹ From the February 15, 1972, resolution of the Althing establishing a 50-mile fisheries jurisdiction around Iceland cited in *The Evolving Limit*.

¹² The best and most complete introduction to Iceland in English is *Iceland 874-1974* (Reykjavik: Central Bank of Iceland, 1975).

On February 2, 1973, by the same 14 to 1 vote, the court declared that it did have jurisdiction in this case; the statement was made in response to Iceland's contention that the court did not have jurisdiction. During 1973, however, the Icelanders negotiated short-term agreements with Britain and several other countries that allowed the outsiders to fish within the 50-mile limit, with numerous restrictions, for a two-year period effective November 13, 1973. On July 25, 1974, the court, without representation from Iceland, handed down its substantive judgment on the 1972 British complaints. The court held that the coastal state had priority in the control and utilization of its coastal waters, but that countries that traditionally fished in these waters could not be excluded.⁹ This was a clear victory for Britain.

In the fall of 1975, the antagonists could not reach a new agreement to replace the one that expired November 13. Anthony Crosland, member of Parliament from Grimsby, said in November that without a new agreement 12 miles was still the limit, and his constituents and Prime Minister Harold Wilson vigorously agreed with him.¹⁰ The lowest fishing limit acceptable to the British was an annual quota of 110 thousand tons of cod; the highest the Icelanders would go was 65 thousand tons. At this writing (early February, 1976), the British seem to be weakening. The results of talks in London in late January between Prime Minister Geir Hallgrímsson and his British counterpart have not been made public, but there is a little optimism on each side.

The Icelanders maintain that the conditions of the fishing grounds have so deteriorated that the exchange of notes constituting the 1961 agreement "concerning fishery limits . . . are no longer applicable and that their provisions do not constitute an obligation for Iceland."¹¹ They disclaim the jurisdiction of the court in this case because they believe the case touches on the question of Iceland's right to exist. They further claim that there is now no international law on the width of fishing limits on which to base judgment, but that such a law is clearly evolving in the direction of granting coastal states a 200-mile economic jurisdiction area. The government has also claimed that the 1961 agreement was passed under duress. Feelings have been stronger and positions are more uncompromising on both sides than was the case during the earlier cod wars.

MODERN ICELAND

With a population of only 220,000, Iceland is the smallest nation in the world with a full panoply of the institutions of Western nationhood: a national language, history and literature, government institutions, a full-fledged university, and diplomatic relations across the world.¹² Only the military is missing. Still, Iceland is a mini-nation, much smaller than the

proverbial "small countries" discussed in this issue. Nonetheless, Iceland has one of the highest standards of living in the world with, for example, relatively more private automobiles (265.8 per 1,000 population in 1973) than any Nordic country except Sweden.¹³ Life expectancies at birth are close to the highest levels in the world (70.7 for males and 76.3 for females for 1966-1970), and so is newspaper circulation (436 per 1,000 population per day in 1973). The average size and quality of housing are probably unsurpassed in the world. And there are few very rich and few poor in this sparsely settled and isolated island nation.

Yet affluence is a recent phenomenon. Before World War II, Iceland was a rather poor fishing and sheep-ranching society. The country prospered in a number of ways from the British and American occupations during World War II, and after the war there was a rapid modernization and expansion of the fishing and fish-processing industries, particularly the processing of frozen fish. While Icelanders have always depended on the sea to supplement their meager livelihood from the land, today their very survival as a modern society depends on the export of fish. Only one percent of the land is cultivated; 23 percent is usable for grazing; and 76 percent is made up of wasteland—mountains, glaciers, deserts, and lava fields. The economic base of modern Iceland is indeed precarious.

The observation that there were fewer Icelanders in 1850 (59,000) before the great emigration to Canada and the United States than there were in the twelfth century (70,000-80,000) supports the contention that Iceland has the most inhospitable environment in which a European people has ever survived and maintained its culture. No other European people has been so persistently ravaged by natural calamities—famines, epidemics, volcanic eruptions, flooding, shipwrecks and drownings. The Icelandic geneticist and ecologist Sturla Fredriksson has shown that Iceland's population prior to the twentieth century was limited to under 100,000 by the fodder available for animals.¹⁴ An awareness of the rigorous environment, the lack of nearly all natural resources, the short growing season, and the near absence of agriculture except for the growing of hay, is fundamental to an understanding of the obsessive and aggressive concern of the Icelanders with the state of the fish stocks in their waters.

The overwhelming importance to Iceland of the export of fish products for earning foreign exchange is indicated by 1974 export and import figures (see Table 1).

While the export of aluminum has been increasing

¹³ The statistical data in this paragraph are from *Yearbook of Nordic Statistics 1974* (Stockholm: The Nordic Council, 1975).

¹⁴ "Grass and Grass Utilization in Iceland," *Ecology*, vol. 53, no. 5 (late Summer, 1972), pp. 787-796.

¹⁵ *The Fishery Limits of Iceland*, p. 10.

Table 1: Iceland's Trade¹⁵

1974 Exports		1974 Imports	
Fish products	74.8%	Capital goods	40.5%
Aluminum	14.6%	Raw materials	21.4%
Light industrial products	4.3%	Consumer goods	18.2%
Agricultural products	2.9%	Fuel	11.8%
Miscellaneous	3.4%	Foodstuffs	8.1%
	100.0%		100.0%

in recent years, it earns only about one-fourth of the foreign exchange of fish. So it would not be far off to assert that about 85 percent of Iceland's foreign exchange is earned by fish. No country in the world remotely approaches Iceland in fish and fish products as a percentage of its total exports; Norway is second with 10 or 11 percent. Nor does any other modern society rely so heavily on one industry.

NEED TO DIVERSIFY THE ECONOMY

Of course, Iceland should diversify her economy. All Icelanders know this and it has been official policy since the 1950's, but there is an almost total absence of natural resources; there are no minerals and no forests. The brightest hope in Iceland's economic future is her potential for producing cheap hydroelectric power and her bountiful supplies of geothermal hot water, which heats half the houses in the country. As the price of oil rises and the high cost of nuclear power becomes more evident, the possibility that Iceland may become a supplier of energy increases. It is possible, for example, that Iceland could export electricity to Scotland, 500 miles to the southeast, by laying an underwater cable. Sweden is presently looking into the possibility of importing some tens of millions of tons of geothermal hot water annually for heating Swedish coastal cities. It is estimated that, with properly insulated 200,000-250,000-ton tankers, 80-degree-centigrade water would lose not more than 3 centigrades in the three to four day trip to Sweden. The Icelandic Aluminum Company (ISAL), founded in 1966 and a subsidiary of the Swiss Aluminum Company (Allsuisse), has demonstrated the first and highly successful large-scale utilization of Icelandic hydroelectric power. ISAL has proved that it is profitable to import bauxite to Iceland and reduce it to aluminum, a process which takes vast amounts of electrical energy.

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"Norwegians like their way of life and believe in it; suddenly possessed of great wealth, they have no desire to alter it. . . . Norway is a country that deserves study by nations East and West, great and small. . . ."

Norway's Middle Way

BY TREVER LLOYD

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NORWAY CAN BE regarded as the "Atlantic" partner among the four countries that are usually grouped together as "Scandinavia"—Norway, Sweden, Finland and Denmark. Norway extends 2,650 kilometers (1,500 miles) from north to south—from beyond the 71st parallel of latitude to below the 59th, a location comparable to that of Alaska. However, because of the moderating influence of the broad Atlantic and the weather systems moving eastward across the ocean, there is remarkable homogeneity in the Norwegian climate.

The long, indented and island-strewn seacoast has influenced the people of Norway toward sea-going careers, as fishermen, sailors or, in Viking times, as pirates, and an inhospitable interior has reinforced this. Much of the 324,000 square kilometers (125,000 square miles) of Norway is rugged and even mountainous, with 75 percent of the land area above 1,500 feet, some of it permanently ice-covered. The population has traditionally been concentrated in valleys within the higher land, or on plains along the seacoast; thus most of the country is unpopulated. Good land for farming has been scarce, and the high latitude and rather humid climate have also been a handicap.

The Norwegian landmass has not compensated for these disadvantages by a generous endowment of natural or energy sources. Like Denmark, but for different reasons, Norway has had to sustain a modern industrial-commercial economy without coal—the foundation of the industrial revolution—or petroleum and has been provided with few metallic minerals. By good fortune, she has one valuable source of energy. The very rugged terrain and the humid climate provide conditions for the development of hydroelectric power—made from water tumbling from a great height down mountainsides into fjords at sea level. Thus Norway has an enormously valuable, cheaply developed substitute for coal and petroleum and can support industries like pulp and paper, chemicals and refining of metals, based on inexpensive and plentiful power.

Throughout her history, Norway has found internal unity difficult because of the absence of lines of surface communication. Had it not been for the easy year-round travel provided by the sea and the concentration of the population near the coasts, unity might well have proved impossible. A map of roads and railways shows a pattern of routes for the most part following the valley bottoms and coasts and concentrated in the south. A journey by car (it cannot be completed by railway) from Oslo in the south to Tromsø or Hammerfest in the north is still a challenge and, in winter, is impossible because some roads are blocked by snow. The easiest land routes to northern Norway still run through Sweden and, in the extreme north, through Finland. As it always has been, it is still the sea that makes Norway a nation and it is from the sea that Norway's greatness is derived. The most satisfying way to study the country is still a sea voyage along the length of its coast, and (at intervals) "inland" into its major fjords. In summer or winter, such a journey misses very little of the essential Norway and provides a key to the character of her people.

Who are the Norwegians? Where do they live and what do they do? The total population is about 4 million, distributed on an average about 13 for each square kilometer. But this last number tells extraordinarily little, except by way of contrast with, for example, the Netherlands where the number is 370 or the United Kingdom where it is 225. The most northerly province of Norway, Finnmark, has only about 75,000 people in 50,000 square kilometers, or 1.5 per square kilometer, but three other areas are densely populated—those surrounding the cities of Oslo, Bergen and Trondheim. About half of the total population lives in cities and towns; while smaller settlements and more or less isolated groups of houses are a feature of some areas, the trend will continue to be toward the cities. However, the cities are usually close to open country, often mountainous, forested or along fjords or lakes. Norwegian urban life is not remote from the rural scene. During the

past half century, there have been major changes in the means of livelihood of the Norwegian people, and this has been accentuated by the drift from countryside to city. Such migration is internal, within the nation itself. It contrasts strikingly with the situation a century ago when a rising population, almost all of it rural, finding no possibility of work in the homeland, left it for the new lands overseas, especially in North America. Between 1840 and 1900, more than 600,000 Norwegians left home for the United States, making a striking contribution to the character of some parts of the United States. The surplus population that caused this great folk movement no longer exists. Typically, the annual population increase each year is about 30,000, resulting in a change from a total of about three million at mid-century to possibly five million by the year 2000. The loss of people from the countryside has not diminished, but instead of needing to seek new careers thousands of miles away overseas, rural Norwegians now settle in the larger Norwegian cities, attracted by jobs in industry, in offices or in service trades.

AVAILABLE RESOURCES

What industrial and commercial base makes this possible? This depends in the first place on the use of Norway's available resources—the soil that supports agriculture, the forests that provide a basis for lumber, pulp and paper, the seas that offer a foundation for the important fishing industry, and mining, based on the rocks. All these require the use of energy; this too is a basic resource. That all of these activities are relatively modest contributions to the national wealth is shown from Table 1.

TABLE 1: Net Production in 1 million kroner

Agriculture	2,230
Forestry	920
Fishing and whaling	810
Mining and quarrying	680
Total	4,640

In comparison, the value of production from manufacturing for the same year was 18,500 million kroner; other large contributors were construction, 5,560 million kroner and wholesale and retail trade, 9,700 million kroner. Not to be overlooked however is the contribution to employment of the basic industries listed in Table 1.

An industry, if it can be so termed, that derives directly from the nature of Norway is transportation by water. Despite the high latitude, the seas around Norway do not freeze in winter, so that it is possible to carry passengers and freight along the seacoast, within Norway's many fjords, and to and from her countless offshore islands. A thousand years ago this was the basis for Viking overseas adventures, from the Mediterranean to Iceland, Greenland and eastern

North America. Today, the long-established sea-going tradition not only provides employment but contributes significant amounts of "hard" currencies to the national balance of payments. About two-thirds of the annual "import surplus" is derived from revenue earned by ships carrying overseas cargoes, and more than 50,000 jobs are provided.

Norwegian national policy has long given a priority to maintaining the high standard of service provided by its shipping fleet. The fleet itself is modern—and kept that way by constantly building new vessels and disposing of older ones. Conditions of service for the crews are among the best in the world, and the rates of pay are high. Traditionally, most seamen have been recruited from rural areas, often from smaller fishing villages. But as the attraction of work in the larger cities has become stronger, life at sea has seemed less attractive. Today a growing number of Norwegian vessels employ foreign crew members.

THE SHIPPING INDUSTRY

In recent years the Norwegian shipping industry, like that of other nations, has encountered difficulties for two reasons: the general economic depression has reduced international trade as a whole, and dramatic changes in the world oil industry have led to a reduction in the use of oil and so in the employment of tankers. These changes have affected not only shipping but also the shipbuilding industry, which sells vessels to many foreign countries, all of which have suffered in the same way.

There has been a tendency toward the use of very large vessels, especially tankers, since sheer size is economical and reduces proportionately the high cost of crews. Shipping and shipbuilding are very important in the Norwegian economy. Fifteen or more Norwegian shipyards employ more than 500 workmen each, and the industry as a whole normally employs about 30,000. One shipyard, on a small island off the west coast, employs 1,500 men out of a total local population of about 10,000. Twenty years ago this yard had never built a ship larger than 1,000 tons. Recently, it has launched vessels larger than 200,000 tons. Shipbuilding is an unusual industry because it also creates all kinds of subsidiary industries to provide components, engines, cranes, electrical equipment, furnishings and so on. Norwegian success in shipbuilding is based on high technology and great skill in raising capital and in obtaining foreign orders and meeting delivery dates. A favorable tax system in Norway has also assisted.

Today, Norwegian shipping is suffering from an oversupply—there are too many ships available and some of the largest are tied up in fjords around the coast waiting for an upturn in world trade. This has seriously reduced work in the shipyards. The Norwegian government recognizes the importance of

shipbuilding to the national economy and, late in 1975, it provided generous financial help to companies in serious trouble. (The annual interest payable on the industry's debts was about \$250 million a year.) However, the situation has been less serious than it might have been because of the boom in the oil industry off western Norway, a boom that has required the construction of enormous drill rigs and drilling vessels that also give work to shipyards.

The availability of hydroelectrical power has been mentioned. This natural resource has had a profound effect on the pattern of industry in Norway. It has led to creation of industries in which large quantities of energy are needed and in which the cost of that energy is critical. Almost all Norway's energy is derived from hydro plants, whereas in West Europe about 75 percent of all electricity is provided from thermal plants using coal and oil. Thus the cost of Norway's energy has not risen appreciably in recent years.

Many industries are attracted to Norway because they need inexpensive power. As long ago as the end of the nineteenth century, Norway had two plants making calcium carbide out of readily available raw materials and using hydro-power. From this beginning rose the enormous fertilizer industry employing nitrogen and oxygen (from the air) and limestone. The next stage was production of aluminum from imported bauxite ore; then came magnesium and many other metals, particularly expensive metals like nickel (refined from concentrates imported from Canada). Other chemical industries followed, and eventually petrochemicals were manufactured from imported petroleum. This industry will expand greatly with the availability of Norwegian oil. As in Canada, the existence of plentiful electrical energy has led to a very large pulp and paper industry. Because Norway has large softwood forests, the raw materials for this industry are not imported.

OIL AND NATURAL GAS

The discovery of oil and natural gas in the North Sea between Norway and Britain led to a dramatic change in Norway's economic policy and to international agreements that assigned a large proportion of the oil and gas to Norway, which had no other domestic sources of fossil fuels. Because the petroleum industry requires use of advanced technologies, there has been an expansion of Norwegian industry and a rapid increase in highly paid jobs for the local labor force. The sudden good fortune has also confronted the Norwegian people with very serious economic, political and social problems. On the whole, they are being handled well.

A north-south line between Britain and Norway divides the resources of part of the continental shelf between them. On the eastern side of the line, Nor-

way has the authority over any resource allocation. For the present, the government has decided to use only that part of the area south of the 62° north latitude line. There are many reasons for this, not least that jobs in the oil industry are attractive to fishermen, farmers and others who are relatively poorly paid. If the industry were carried on in the far north, it would probably attract so many workers from existing jobs that the local economy would be seriously damaged. In addition, Norway wants to regulate the production of oil, to conserve the resources and control inflation. There is more than enough oil for the present south of the 62d parallel.

At first, the exploration and production of oil and gas were in the hands of the large multinational petroleum companies, most of them American controlled. However, Norway has created a government-owned petroleum authority, "Statoil," which will be active not only in the North Sea fields, but elsewhere in the world. In addition, the government has set up a company to sell and distribute oil products, and to operate refineries in competition with private companies.

Two major questions arose after the discovery of oil and gas in the North Sea area allocated to Norway; how should the large revenues from oil and gas be used, and how is the oil industry to be owned or controlled? The government has announced that the industry and trade will be controlled in Norway, largely in Norwegian hands. Hence the creation of new government companies and the purchase of shares in other concerns. Meanwhile, agreements with private companies bring Norway something like 60 percent of the revenue derived from oil and gas production.

It is no accident that Norway (and, incidentally, Britain) are following policies of production control and state intervention in the oil and gas industry. Both these societies are regarded as "social democracies." Thus *The New York Times* in September, 1975, reported that "Premier Trygve Bratteli has placed a firm lid on oil production in Norway and tight controls on revenues from the exploitation of the country's oil reserves" under a heading "Norway sets limits on oil exploitation to preserve society." This report called attention to Norway's extraordinary situation. This small country, without any fuel resources, has already produced enough oil (9 million tons) to meet its own needs; in 1976, it will probably produce 25 million tons and by the beginning of the 1980's it will be producing about ten times its needs. Even if Norway "places a lid" on production at this level, 15 percent of her gross national product will be derived from this source alone, and \$2 billion a year will flow into a nation already enjoying a high living standard. And there may be greater reserves off the Norwegian coast than in the Persian Gulf.

That this remarkable change in fortune may ruin the country is a fear of the government and many of its more thoughtful citizens. What lies behind this attitude?

Norway is one of the original "welfare states," in which the overall quality and standard of living of the citizens are primary concerns of the government. In Norway, health insurance (a form of medicare) was introduced in 1911; insurance to protect people at work dates back farther, to 1895. Old age pensions for all were instituted in 1937, family allowances, in 1946 and many other social services in the 1950's, 1960's and 1970's; by 1971, many of the older, limited schemes were incorporated into a universal National Insurance Act that literally provides protection against hazards, seen and unseen, from cradle to grave.

Many Norwegians, facing the added wealth, industrial activity, and risk of disruption of what they regard as a satisfactory way of life, prefer to retain what they have. A recent Gallup Poll in Norway revealed that 76 percent of the population believe that their national standard of living is already too high. More than 80 percent concluded that better wages and increased productivity would not result in greater happiness, but rather in pollution and other problems. Norwegians also believe they should not try to make themselves richer while so many people in other parts of the world remain poor. They view the revenues from oil as a way to make it possible to aid those others.

Norway has long been aware of her relationships with remote parts of the world. Shipping, through which much of her national revenue has come in the past, made Norwegians familiar with conditions everywhere, as did the emigration of the population. Through long-established church missionary work and disaster relief work, Norway became all too aware of the distressing poverty in many countries. Norwegian foreign policies have been a matter of general public concern, not drafted in the secrecy of a foreign office. This makes it all the more remarkable that Norwegians voted to stay out of the European Common Market in 1972. The government favored joining and all three of the other countries given the choice joined. The usual explanation of this is that a major split developed within the country and most of its political parties, and that the government's recommendation to vote in favor of the move was defeated because groups in certain parts of Norway believed that they would suffer economically and in other ways. The decision not to join was no snap decision, but followed months of open discussion leading to the participation of more than three-fourths of the electorate in the poll. There were 54 "no" votes for each 46 "yes," giving a majority of about 150,000 votes against entry. Not all the anti-marketeers were

hill-farmers, fishermen, very "left" young campaigners or very "right" older people. Some voters were afraid of commitment to a West European group that might restrict their freedom to act independently. Others preferred to retain the values of a small nation rather than to have them "homogenized" into some new mix composed predominantly of larger powers. Of course, Norway is not alone in Scandinavia in remaining outside the market, since her neighbors Sweden and Finland have followed the same course.

Norway should most certainly not be regarded as a small, perfectionist nation trying to remain isolated. It should not be forgotten that Norway joined the North Atlantic Treaty Organization at a time when she (alone of the members) had a common border with the Soviet Union and faced a constant risk of attack. She has encountered difficulties over Svalbard (Spitsbergen) with the U.S.S.R. and has never lacked courage in defending her point of view. Today, the division of the continental shelf north of Norway and between the mainland and Svalbard and Bear Island adds to difficulties with the Soviet Union.

Norway should be regarded as a small nation of about four million people, who admire their homeland and the way of life they have evolved. Compelled by the very nature of their environment to become industrious to survive, they achieved a satisfactory material living standard and developed a social and political system before most other countries. Norwegians like their way of life and believe in it; suddenly possessed of great wealth, they have no desire to alter it. It was no accident that the Norwegian Parliament is the trustee of the Nobel Peace Prize. Norway is a country that deserves study by nations East and West, great and small, as an example of what in the 1930's was considered to be an attribute of its neighbor Sweden—"The Middle Way." ■

SOURCES

The most readily available source for the geography of Norway, with excellent lists of references, is: Sømme, Axel, ed. *A Geography of Norden*. 2d. ed. New York: John Wiley, 1968.

For current statistical data, see the most recent volume

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"In effect, the Dutch have returned to the old system of building coalitions after the elections. But there is a crucial difference. Because of the continuing decline in confessional voting. . . , the Socialists and Liberals are likely to emerge all the stronger."

Dutch Politics in the 1970's: Realignment at a Standstill?

BY STEVEN B. WOLINETZ

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POLITICS IS FULL of surprises. It is commonly assumed that affluence and good times lead to contentment and harmony and that bad times lead to political stress, activism, and conflict. This is not true in the Netherlands. Seven or eight years ago, Dutch political life was in a state of flux. Political activists, inside and outside the established parties, were wondering whether the political system was as democratic as it could be and whether Dutch leaders were doing enough to spread the benefits of affluence evenly or to assure a livable society for all. There were new parties and dissident factions. Largely because of their activities, political life in the late 1960's and early 1970's was increasingly polarized. Parties like the Socialists eschewed alliances with former partners; trade union leaders, who had previously worked closely with employers and government officials in negotiating centralized wage packages, became increasingly cautious about collusion with management and launched a series of strikes unprecedented in the postwar Netherlands.

Politics in the Netherlands in 1975 offers a sharp contrast to the experience of the recent past. The waves of new parties have subsided, and the alliances formed among the parties to contest the 1971 and 1972 parliamentary elections are weaker and may well soon be forgotten. A coalition of the left and center is in power, committed to an explicitly progressive program, but still unable to implement most of it. The waves of activism have cooled as well, and the progressive alliances that replaced the customary all-party local governments in some cities after the 1974 municipal elections are for the most part in disarray. Strikes are once more uncommon. Although unions and management have been unable to agree on central wage bargains in recent years, both sides have been willing to accept the detailed control of wages and prices mandated by the government. Trade unions focus primarily on demands for

greater codetermination in industry. To be sure, there is tension under the surface—it emerges from time to time in the occupation of factories by workers threatened with unemployment or in events like the recent blockade of Rotterdam harbor by barge captains protesting changes in shipping regulations—but the political temperature is lower than it was before.

Quiet on the political scene reflects a variety of factors. On one hand, diverse groups of activists have run out of steam; lost support, or gained power only to face the difficulty of carrying out extensive reforms during a recession. Economic reversals have forced many activists to reevaluate their priorities. Inflation and increasing unemployment dominate the economy. Earlier demands were made against a background of full employment, continuing growth and widespread prosperity, but the Dutch now have some 400,000 unemployed—about 4.5 percent of the workforce. The costs of maintaining the existing package of social welfare measures, indexed against inflation, have greatly increased. Financing various social allowances drives the cost of labor up, creating a poor climate for investment; at the same time, it builds an increased portion of fixed costs into the government's budget. Thus the margins available for new programs or for redistribution are extremely small. The Cabinet, originally committed to an expansion of social welfare programs, finds itself trying to economize and to hold the rate of increase in government spending to one percent per annum. Trade union officials, for their part, fear that too much pressure on wages will increase unemployment; on the whole, union leaders have been content to accept a "zero line," under which increases are tailored to the rate of inflation.

The position of the Cabinet is difficult. The present Cabinet, led by Socialist Joop den Uyl, offered (in the eyes of the Dutch left) the left its first prolonged opportunity to govern since the 1950's; for

the first time, the forces of "renewal" that emerged in the late 1960's could put their ideas into practice.

POLITICAL BACKGROUND

To understand current Dutch politics it is necessary to study the Dutch party system both before and after the surge of activism in the mid-1960's. It has been said that "two Dutchmen make a religion, three, a political party, and four, a schism." Dutch politics has always been highly fragmented on the bases of religion and class. The present party system reflects the ways in which three distinct groups—Protestants, Catholics, and Socialists—organized in order to secure their rights in the nineteenth century Netherlands. At that time, these groups struggled to establish separate denominational schools (supported by public funds), to win universal suffrage, and to guarantee social and economic justice. Elites of each group mobilized followers, organizing them into cradle-to-grave networks of separate organizations within the mass political parties. Although the basic formative issues of schools and suffrage were resolved during World War I, the party system continues to bear their imprint.

Until recently, five major parties dominated the political spectrum; Liberals represented the secular right; Socialists, the secular left; three confessional* parties—a Catholic party and two Protestant parties (the Anti-Revolutionaries and the Christian Historicals) represented the religious side of the equation. Once proportional representation was adopted, election outcomes were virtually static. Because of the segmented or "pillarized" social structure, each party could count on a very stable proportion of the electorate. Socialists had roughly 28 percent of the popular vote, Liberals about 10 percent, Catholics, 30–32 percent, Anti-Revolutionaries, 9–10 percent, and Christian Historicals, 8–9 percent. The remainder was apportioned among a host of minor parties that expressed differences among and within subcultures. The arithmetic demanded coalitions. Cabinets were invariably the result of protracted negotiations and usually included four of the five major parties. From 1946 to 1958, most Cabinets included the Socialists, Catholics, Anti-Revolutionaries, and Christian Historicals. From 1959 to 1971, however, with one important exception, Cabinets consisted of Liberals, Catholics, Anti-Revolutionaries, and Christian Historicals, with Socialists as the principal opposition party.¹

* Reflecting the interests of a particular religious group.

¹ For further discussion, see Hans Daalder, "The Netherlands: Opposition in a Segmented Society" in Robert Dahl, ed., *Political Oppositions in Western Democracies* (New Haven: Yale University Press, 1966), pp. 188–236, and Arend Lijphart, *The Politics of Accommodation* (Berkeley: University of California Press, 1968).

Forming broad coalitions was an effective means of bridging subcultural cleavages, but the party system was a constant frustration to the left (Socialists could come to power only if the Catholic and Protestant parties were willing to accept them as partners) and to those who believed that voters themselves should determine the government. These frustrations came to a head in the late 1960's. Coinciding with major changes in the Catholic subculture and a growing participatory ethos, they led to the new parties and dissident factions that dominated politics in the late 1960's.

A more immediate source of frustration was the fall of the Cabinet of Joseph Maria Lauren Theo Cals in October, 1966. This Cabinet, made up of Socialists, Catholics, and Anti-Revolutionaries, had been formed a year and a half earlier, following the demise of a confessional-Liberal Cabinet; it was the first in a series of confessional-left alliances. Its fall, precipitated by the right wing of the Catholic party, convinced many Socialists that although they could not govern without the Catholics, they stood little chance of governing with them. This stirred considerable enmity within Socialist ranks and helped to crystallize a New Left faction in the party. The New Left claimed that the Socialist party was old and tired and demanded a return to and a renewal of Socialist principles, a more radical foreign policy, alliances with parties to the left, and an end to cooperation with the Catholic party. At the same time, in each of the confessional parties, Christian Radical factions demanded the reform and renewal of their parties and the resumption of cooperation with the Socialists. They were rebuffed when new elections held in February, 1967, led to the formation of yet another confessional-Liberal Cabinet.

The elections of 1967 brought other changes to the Dutch party system. Previously, the five major parties had won 85–90 percent of the popular vote and seats in Parliament. However, in the 1966 municipal and provincial elections and in the 1967 parliamentary elections, the power of the major parties, and particularly that of the Catholics and Socialists, was weakened. The victors were minor parties—the Poujadist-style Farmers party, which had previously hovered on the fringes of the party system without gaining much support, and Democrats '66, a new party established only a few months before the elections. Each won roughly 4.5 percent of the popular vote—a massive total given the previously static character of Dutch election results. Democrats '66 was especially strong among younger voters.

The success of Democrats '66 and the Farmers party and the very vocal demands of dissident groups in the confessional and Socialist parties triggered an extensive public debate about the adequacy of the party system. Democrats '66 had been organized

with the explicit purpose of "exploding" the existing party system and replacing it with a two-party system. Members of Democrats '66 argued that the party system was unsatisfactory because the ideologies and doctrines of the established parties were no longer relevant; they were undemocratic because voters had no effective choice about who would form the Cabinet. The solution, according to Democrats '66, lay in constitutional reforms—an elected Minister President (Premier) and a district system that would force the restructuring of the party system. While few concurred with the specific prescriptions of Democrats '66, many dissidents agreed that something was wrong. Both the New Left group in the Socialist party and the Radical factions in the confessional parties claimed that citizens ought to have more voice in decisions affecting them; they demanded the "renewal" of the party system and the formation of cooperative alliances among parties that would give voters more choice in the make-up of a Cabinet. Party leaders, threatened by the loss of support and the possibility that dissident groups would bolt and form new parties, and afraid that new parties like Democrats '66 would monopolize the younger voters, took up the same themes. The three confessional parties investigated the possibility of establishing a federation that would bridge the historic gap between Catholics and Protestants; on the left, the Socialists attempted to enlist Democrats '66, the newly formed Radical party (established by dissident members of the Catholic party) and the Pacifist Socialists in a Progressive alliance. Four of the five major parties (the Liberals were uninvolved) took part in efforts to restructure the party system.

The resulting series of maneuvers led, in the late 1960's and early 1970's, to the formation of loose electoral alliances. In addition, there was a further fragmentation of the party system, because within each bloc there were parties with strong reasons for seeking alliances and parties with equally strong reasons for playing the role of reluctant partner; there were also groups within parties for whom the developments, however slow, were unacceptable.

Among the confessional parties, the Catholic party was the strongest advocate of the formation of a Christian Democratic alliance and the eventual merger of the three separate parties into one inter-confessional party. The reasons for this were apparent. For years, the Catholic party relied on the solid and very faithful support of a Catholic subculture glued together by a conservative Church that shepherded dutiful flocks of voters to the party's fold. However, by the late 1960's, the Dutch Church was suffering a major upheaval. Priests were getting married; theologians were questioning doctrines as basic as the Trinity; the Dutch Church was losing interest in politics. Individual Catholics were attend-

ing church less often, losing their former sense of inferiority, and ceasing to vote for the Catholic party. With these trends sure to continue and with increasing doubts about the necessity for an explicitly Catholic party, Catholic party leaders opted for an ecumenical solution to their difficulties—the transformation of their party into an open, interconfessional organization, able to carry on the centrist politics of the Catholic party. In order to make the transformation, Catholic leaders believed that they had to include the two Protestant parties in the new organization. If they failed to do so, whatever they created would end up being little more than the Catholic party with a different name.

Unfortunately for the Catholics, one of their prospective partners, the Anti-Revolutionary party, had equally compelling reasons for playing the role of reluctant partner. Unlike the Catholic party, this stern but progressive Calvinist party was not suffering from electoral losses. Anti-Revolutionary leaders wanted to retain their influence within the political system. This meant reassuring a conservative following anxious to see the party retain an explicitly Protestant voice, placating a Radical faction that desired alliance with the left, and preventing the Catholic party from transforming itself into a secular party. A loose alliance—but not the merger that the Catholics desired—served these purposes.

On the left, the main protagonist was the Socialist party, in decline in recent years, which was threatened on one flank by Democrats '66 and internally by a New Left faction that was vocally attacking the party leadership for being too conservative. The Socialists' solution was two-fold: to hold the party together by allowing the dissident faction to operate within the party and to enlist Democrats '66, the Radical party, and the Pacifist Socialists in an alliance that would demonstrate the party's vitality and support for reform and change and would increase its attractiveness to younger voters.

There were, however, two difficulties with this strategy: the reluctance of Democrats '66 to ally with anyone until elections were at hand, and the influence that the New Left faction could win as long as it had freedom to maneuver.

On one hand, Democrats '66, basking in the glow of opinion polls that showed it doubling its strength, did not want to tarnish its image by trafficking with an established party. For its part, New Left took every advantage to force the Socialist party to the left. By 1971, concentrating its strength and operating as a bloc when the party leadership was reluctant to restrain it, New Left gained a majority in the party executive and secured the passage of resolutions committing the party to a more left-wing foreign policy and forbidding the party to enter into alliances with the Catholic party. This action gave the party

a more radical—but more divided—image, increased the distance and polarization within the party system, and removed the party from the politics of Cabinet formation. The refusal to ally with the Catholic party meant that the Socialist party could not enter a majority coalition; open division and the shift to the left made the party unattractive to prospective coalition partners. Given the reluctance of Democrats '66, this left the Socialists with the possibility of allying with the Pacifist Socialists (who were not really interested) and the Radical party, which at that time was an untried commodity with little prospective support. The growing influence of New Left had one further effect: it alienated many older and more conservative Socialists and spurred the formation of still another party, Democratic Socialists '70, which intended to continue the moderate line that the Socialists were abandoning.

Despite all of these difficulties, alliances emerged in time for the 1971 parliamentary elections. In the long run, the parties needed one another; thus the three confessional parties were able to agree that they would govern or stand in opposition together; and Socialists, Radicals, and Democrats '66 were able, at the last minute, to agree on a minimum program and on a shadow Cabinet that would take office if their parties secured a majority. This agreement was coupled with a demand that Cabinets be formed only on the basis of agreements concluded before the elections and not afterward, as previous practice had dictated. This was to allow voters more choice about the kind of Cabinet that would emerge.

Despite the formation of confessional and progressive alliances, the most distinguishing characteristic of the 1971 elections was increased fragmentation. The number of parties submitting lists rose to 28 (it had been 23 in 1967, 18 in 1963 and 10 to 13 in years before that) and the number of parties winning seats increased from 11 to 14. The progressive alliance gained a few percentage points, increasing its share of the vote from 28 percent in 1967 (Socialists and Democrats '66) to 33.3 percent for the three parties together, while the three confessional parties, largely because of Catholic losses, dropped from a combined total of 44.5 percent in 1967 to 36.8 percent in 1971—58 instead of 69 seats. Liberals lost one seat; Democratic Socialists '70, competing for the first time, won 5.3 percent of the vote. Confessional losses meant that the four parties in the previous government (Catholics, Anti-Revolutionaries, Christian Historicals and Liberals) held only 74 of the 150 seats in Parliament. With the Socialists and their allies excluded by their own preference, the only alternative was to broaden the base of the existing coalition by including Democratic Socialists '70. This gave the new Cabinet, under the Anti-Revolutionary Barend William Biesheuvel, a seemingly secure base, with 82

of the 150 seats in Parliament. Temporarily, at least, the difficulties of fragmentation had been solved.

The Biesheuvel Cabinet, however, proved to be short-lived. Barely a year after its inception, the five-party coalition collapsed when Democratic Socialists '70, angered by proposed economies, withdrew from the Cabinet. Because no alternative majority was available, new elections were called for November, 1972. By this time, the confessional and progressive blocs were more thoroughly cemented. Both sported common programs, and the three confessional parties were provisionally committed to the formation of a permanent federation.

The 1972 elections produced results as confusing and fragmented as those of 1971. Though only 23 parties submitted lists, once more 14 won seats in Parliament. The election results lent themselves to no easy Cabinet formation. Despite losses for Democrats '66, Socialist and Radical gains boosted the progressive share of the vote to 36.4 percent. Liberals surged from 10.4 percent to 14.4 percent, while Catholic and Christian Historical losses reduced the confessional share from 36.8 percent to 31.3 percent of the popular vote. Although it would have been mathematically possible to reestablish a five-party Cabinet with Liberals, confessionals, and Democratic Socialists '70, there was little sentiment to do so, because of the previous split. A four-party Cabinet of confessionals and Liberals, however, would have only 70 seats—6 short of a majority. The arithmetic, the gains in the progressive camp, and the prevailing mood of social unrest pointed toward a Cabinet that would include the Socialists and their allies, but the commitments and demands of these parties made this coalition exceedingly difficult to form. As before, the three progressive parties were committed to governing on the basis of their common program and only with those parties that had subscribed to the program before the election. However, the three progressive parties had only 56 seats among them—well short of a majority—and the confessional parties were unwilling to accede to the progressives' demand that they be allowed to form a minority government. Alliance between Socialists and Liberals was out of the question. For their part, the confessionals were sympathetic to a partnership with the left, but insisted on allocating ministries in proportion to their parties' strength. Progressives, however, insisted that they were bound by earlier pledges to their followings and to the public and demanded an explicitly progressive Cabinet. There the matter stuck.

Five and a half months later, the Cabinet formation came unstuck when the Joop den Uyl Cabinet took office. The new Cabinet consisted of five parties—Socialists, Radicals, Democrats '66, Catholics, and Anti-Revolutionaries. The deadlock had been broken by attracting individual Catholics and Anti-Revolu-

tionaries as prospective members of a progressive Cabinet and securing agreement from their parties later on. This was no easy matter. Although the progressive bloc moderated their original demand that they be allowed to form a minority government, they continued to insist that the new Cabinet have a distinctive, progressive coloration.

This was not easily accepted by the confessional parties. It meant acceding to a number of demands, accepting less than what they considered as a fair share of the ministries, and excluding the Christian Historical Union from the Cabinet. In the end, both the progressive and Christian Democratic programs were to be regarded as equal inspirations for the Cabinet. All in all, the long drawn out formation was a victory for the left. The Socialists and their allies held 10 out of 16 ministries and the confessional parties were divided internally and among themselves.

The program of the new Cabinet called for extensive changes. The left demanded emphasis on the redistribution of incomes, greater codetermination in industry, profit sharing, selective economic growth, further extension of social welfare provisions, economies in defense spending and a foreign policy oriented toward third world countries and world peace. So far, most of this program has not been implemented, in part because of the generality of many demands and the need to work out details, the energy crisis, and the current economic recession. Unemployment, inflation, and the rapidly increasing costs of existing social welfare measures left the Cabinet little room for innovation. Varied social goals—the redistribution of incomes, for example—could be financed by higher taxes, but the level of taxation is already quite high, and it is feared that higher individual taxes would encourage cheating or emigration. Similarly, increased corporate taxation would probably discourage investment, force more firms into bankruptcy, and cause unemployment. In effect, because of the necessity of controlling inflation and fighting further unemployment, changes in policy are possible only at the fringes. It has been possible, for example, to raise the incomes of younger workers; otherwise, the main promise has been the “zero-line,” retaining the real value of income despite inflation. This may well be supplemented within the next year with measures providing for increased codetermination in industry and a complex system of profit-sharing designed to redistribute incomes.

However, at this moment, there are not enough profits to be shared or enough surplus to redistribute in a way that would produce any massive changes in income distribution. On other fronts, proposals for constitutional reform have been quietly dropped—there are no majorities for any one set of proposals—and Dutch foreign policy has changed only in degree. The proportion of the national income spent on

foreign aid is higher. But while the Dutch government is more inclined to demand democracy in Spain, and is doubtful about NATO, it remains content to play the role of “difficult partner” in the Western alliance. The Dutch are indeed economizing on defense expenditures, but they are also replacing their outdated Starfighters with American F-16's, despite Socialist and Radical objections.

All in all, the position of the Cabinet is relatively secure. To be sure, many Socialists and Radicals are disappointed with delays in implementing the Cabinet's program, and Socialists sometimes find themselves attacking their own ministers. But the reluctance of the Cabinet to follow Socialist dictates on foreign policy or defense issues has not yet led to a break. Despite their disappointments, Socialists have little interest in bringing down their own Premier. For their part, the confessionals are not ready for an election nor are they anxious to take the blame for bringing down the Cabinet.

Recent polls indicate declining support for the Socialists—after earlier reports of prospective gains—and increased support for a unified Christian Democratic party, should it materialize; but at the moment, that seems unlikely. Although plans announced in 1972 and approved in succeeding years call for the submission of a common Christian Democratic list in the next parliamentary elections, divisions between the Catholics and Anti-Revolutionaries appear to preclude this. The Catholics, who have invested heavily in the new federation and have let their own organization dwindle, insist that if the new federation is to succeed, it must be open to all who accept its programs, regardless of religious beliefs, while the Anti-Revolutionaries insist that the party should be open only to those who take the gospel as their point of departure. The difference is serious, and the Catholics are now developing “emergency” plans to contest the elections on their own.

Alliances are no more likely on the left. One of the Socialist's partners, Democrats '66, suffered severe losses in the 1974 municipal elections and now keeps itself in the news largely by discussing whether or not the party should disband. The Socialists and the Radicals also disagree. At the moment, the Socialists prefer to act alone and to see what alliances are possible later. Because many of the Cabinet's plans require another term in office, there is some

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"In Belgium today, language is not only the focus of an intense nationalism repeatedly leading to conflict; it also blocks mutual understanding and cooperation on basic economic issues."

Old Dilemmas and New Problems in Belgium

BY PIERRE-HENRI LAURENT

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TO UNDERSTAND the recent history of the small democracy of Belgium, the significance of her internal political, sociocultural and linguistic problems must be considered. Decades of wrangling over the Flemish-Walloon issue have dominated the life of the nation. This deep-rooted problem has persisted and even grown in the last few years, while efforts to design some settlement through cultural, political and economic decentralization have for the most part failed to diminish the animosity. A unitary government has survived, but often in an impaired form. Political schisms and minor protest parties combine to nullify or stall most legislative movement that aims to resolve the paramount national question. Belgium has moved to establish more local power and regional authority, but she is far from becoming a federal state.¹

Until the last few years, the postwar Belgian generation enjoyed a relatively vigorous and dynamic economy. Since the inception of the Common Market and the numerous economic benefits of affiliation, the nation has experienced growth and prosperity. Yet the world economic crises led to severe repercussions in Belgium, the ongoing disruptive nature of regional and linguistic politics plague a material revival and block authentic stability.

The Belgian economic situation for the last three years has been dismal, even grim, and precarious. Belgians are facing their worst postwar recession, and many of her economic ills are rooted in long-standing weaknesses in the economy. Until 1973, Belgium was experiencing a fairly constant and considerable upward economic surge, and an apparently solid prosperity. Having suffered relatively little

damage in World War II, Belgium made an impressive recovery with American aid, which was augmented by participation in the Benelux Customs Union (BLEU), the European Coal and Steel Community, and the European Economic Community (EEC) in the 1950's. Throughout this period, prices remained moderate and wages were higher than they were in neighboring states. Into the 1960's, the cost of living did not produce social or economic turbulence.

In fact, up to the 1970's, Belgium's economic advantages easily outweighed any major deficiencies. The high standard of living, the efficient transport system and the expanding availability of residential and business housing facilities were positive attributes alongside an industrial sector that expanded with the aid of foreign capital and firms. Non-Belgian enterprises, especially the multinational groups of the last decade, entered Belgium not only because Brussels became Common Market headquarters, but because of Belgium's special tax incentive laws. Inducements for industrial investment, in the form of capital grants, guarantees for bank credit, aid in purchasing building space, subsidies in interest rates, and varieties of tax relief, were so liberal and successful in Belgium that, by 1973, almost one-third of the fixed assets in manufacturing were owned by foreign or transnational enterprises.

The Belgian-foreign and foreign direct investment for the last 20 years has focused overwhelmingly on new or renovated facilities; almost half was invested by American organizations. This capital flow, nearly 50 percent of which originates from the Belgian financial market (mostly public credit institutions) went primarily into non-ferrous metal and metal-working, electrical equipment and engineering, chemical, petroleum refining and petro-chemical industries.² These investments greatly stimulated the export growth of industry as well as Belgium's overall economic performance.

¹ Pierre-Henri Laurent, "The Benelux States and the New Community," *Current History*, vol. 64 (April, 1973), pp. 166ff.

² "The Economic Situation in the Community," *Commission of the European Communities*, quarterly survey, no. 2, 1975, pp. 11-122.

Since the Belgian economy was based on the processing of imported materials and the providing of services, it was increasingly dependent on foreign states. This broad-based dependency meant that Belgium's economy was sensitive to the economies of her major trading partners. For this reason, government restrictions on capital movement and trade were kept minimal, and financial and trade obstacles were aggressively combated by means of the enthusiastic Belgian involvement in the regional economic integration of West Europe. Concurrently, Belgium labored to reconstruct her industrial economy so that her scientific and technological needs were met and her competitive position was retained or improved. Signs of steady progress marked the 1960's, but the 1970's have produced new problems and have exposed the true proportions of older economic maladies.

The economic instability of the 1970's was not created solely by the rise in the price of crude oil, but the crisis of energy that began in 1973 stimulated the first disturbing symptoms of Belgium's economic dilemmas. For more than 20 years, the coal production rate has declined and the costs of production have been higher than those of Belgium's competitors. In the face of this challenge from abroad, coal production became virtually uneconomic. During the 1950's, electricity provided by thermal power stations was generated primarily by fossil-fired plants, one-third of which were based on oil and the remainder on gas. The proportion generated by oil increased twofold from 1959 to 1970 and will almost certainly mount at the expense of coal. Although nuclear power will make modest contributions, electricity from nuclear power (either the new plants at Antwerp and Huy or the Belgo-French stations at Mol and Chooz) will not make a sizeable impact in fulfilling Belgian energy prerequisites in the foreseeable future.

The shift from coal to oil is a major aspect of the energy revolution of the 1970's. In Belgian terms, this meant going from what Belgium had to what she did not have. Coal, the source of 60 percent of Belgian energy consumption in 1960, is now utilized for less than one-third of the power. The corresponding figures for oil were 25 percent and 55 percent in 1960 and 1973, and that figure has reached nearly 66 percent in 1967. An additional novelty of this revolution has been the rise in the importance of natural gas, but Belgian use has risen only slightly. In 1975, only 10 percent of Belgian needs were satisfied by natural gas.³

The Belgians have drawn on new external sources of power in the last 15 years. In 1960, 71 percent of Belgian needs were met by Western neighbors, in the mid-1970's only 34 percent of Belgian needs are met by the West. The new dependency on the OPEC nations was so visible in 1973 that Belgium had to conclude special arrangements with the Arabs in order to be exempted from the oil boycott. Belgian-Dutch-Arab accords allowed oil deliveries through Rotterdam, in spite of the fact that the Netherlands remained subject to the boycott.⁴

The oil crisis was nevertheless felt deeply in Belgium. The Belgians at first urged Community action, but quickly settled for the traditional route of bilateral diplomacy. In the long run, the crisis posed a sharp threat to solidarity by dividing the nine EEC members, and the absence of a consensus on fuel resources or allocation harmed the Belgians as much as or more than their allies. The two Lowland countries were probably the primary recipients of major economic troubles because of the oil crisis.

As one of the world's largest exporters of steel, Belgium produced four times her internal needs. The historic role of iron smelting and working has continued in terms of steel production, but the rate of expansion has nose-dived and is currently less than the EEC average. In this area, fuel supplies are so decisive that the injuries inflicted by the oil crisis spill over into other strategic parts of the economy. Belgium has few natural resources other than dwindling coal deposits, agricultural produce and limited building material minerals. In the end, the revival of trade is securely locked to fuel power and its sources, i.e., foreign oil and natural gas. Even Belgium's initial belief that exported Dutch gas, a form of cheap energy, might easily be substituted for coal has not become a reality in terms of volume.

Belgian membership in BLEU with the Dutch and Luxembourg and in the EEC has helped to resolve some problems but not the new and now crucial ones. The essence of Benelux has been trade, and that pact has contributed to Belgian economic strength. The mutual benefits that have emerged from this alliance of Dutch agricultural and commercial muscle and Belgo-Luxembourg industrial and technological strengths are varied and valuable. For the Belgians, Benelux created the conditions for a rational development of industries by assuring them a large home market. Even the Benelux deficits on visible trade balances (the value of imports exceeds that of exports) do not translate to Belgium's disadvantage, for a very healthy balance exists if "invisibles" like Belgian banking, international transport facilities and overseas investments are considered.⁵

The impact of Common Market membership is less clear. Since Belgium's economy and prosperity

³ "La Belgique dans la Communauté Européenne," *Dossiers du CRISP*, no. 8, Avril, 1975.

⁴ *Het Laatste Nieuws*, February 4, 1974.

⁵ *La Libre Belgique*, October 13, 1975; *Le Soir*, October 30, 1975.

depend in large measure upon the results of foreign trading, her involvement has become important since the merger and expansion into the Common Market. Trade with the United States, which has declined in the last five years, and commerce with Communist states, now expanding moderately, have been relatively negligible, compared to interchange with the West German Federal Republic, France, the Netherlands and, very recently, the United Kingdom. These four, in that order, were Belgium's principal suppliers, with over 70 percent by 1974, and they absorbed nearly 66 percent of Belgian exports. Trade with Japan and the developing nations grows, and Japan is a substantial source of raw materials. Belgium led the way in the EEC when the Yaoundé and Lomé Conventions were negotiated, and therefore gained easier and regular access to basic materials.⁶

The most disconcerting fact about this pattern of overall high concentration in a few markets has become evident in recent years; Belgium has tied herself into only a small handful of extensive trade relationships of large volume. Furthermore, some analysts suggest that the forces that have driven the Belgian economy forward for a generation may now need replacement, in view of the fact that the lowering of trade barriers will now yield only marginal gains. Others note that while Belgian industry benefited from the good days of the 1950's and 1960's, the inflationary 1970's have nearly wiped out these profits and reversed the terms of trade from industry to primary producers, an obvious Belgian weak spot.

One logical result of the greatly expanded market of the EEC and of the growing challenge of competition should have been the creation of larger and more efficient economic structures in Belgium. Some improvement in terms of greater efficiency in plant operations has been accomplished, but not through growth by merger. There are some important exceptions, like the mammoth new steel group, Ougree-Cockerill-Providence, and the transnational amalgam between the German photographic corporation, Agfa, and its Belgian equivalent, Gevaert. However, the foreign and multinational groups that have flooded Belgium for the most part lack formal Belgian connections. Frequently, attempts to organize a merger are blocked by strong regional or national feeling, usually expressed by the government. Some viable and sensible domestic and cross-national consolidations have been sacrificed on the altar of Belgium's tribalism.

Belgium has apparently become a victim of her own variety of prosperity. For example, almost one-fourth

of a million Belgians are without work, about 6 percent of the labor force. The unemployment rate has risen from slightly over 2 percent in late 1973, and is caused by many factors. At its core, however, is the distribution of affluence, particularly to Belgian labor. With the genesis of the Common Market, foreigners (mostly Americans, British and Japanese) opened offices and factories in Belgium because of the favorable geographic location, the EEC complex, the tax exemptions and, very significantly, the abundance of highly skilled labor. Almost overnight, Belgium became a major car exporter; by 1974, one million cars were assembled in Belgium yearly. Because labor has always insisted on its share of the prosperity, and because 80 percent of manual laborers and more than 50 percent of white collar workers are organized, governments responded to union pressures and up-graded wages and salaries; Belgian workers are practically the best paid on the continent. As a result, labor costs and worker benefit costs have escalated and have become so burdensome for foreign and even Belgian firms that they are commencing an exodus. A Belgian company can cut its labor costs by half by moving to France and employing North Africans or Portuguese. Similarly, a multinational enterprise can duplicate these 50 percent reductions by resettling in Italy or Switzerland and utilizing native labor.⁷

Inflation, which was not a vital part of Belgian economic life until 1973, has increased more rapidly than it has in the other states of Europe, except for Italy and the United Kingdom. Social benefits like sickness pay, old age pensions, and family allowances are constantly adjusted to the rising cost-of-living index. There are also automatic adjustments for wages and salaries, for the bank manager as well as the unskilled worker. Perhaps understandably, the government has done little to change this system and curb the resultant inflationary trend. Belgian parliamentary politicians are wholeheartedly committed to social welfare and state responsibility.

By early 1975, the decline of employment and short-time working, along with the loss of overtime, plus heavier personal tax obligations, forced the government to reconsider its policy of steadfast inaction on the economic front. At that time, domestic demand had been so weakened in Belgium that it and the diminution of export demand were the leading variables in the decline of national economic activity. Declining exports were the cause of more than 50 percent of the trouble in the employment sector, both in terms of more unemployment and more unfilled vacancies.

Recent developments have introduced other novel circumstances into the Belgian economy. Although the drop in wholesale prices continued, consumer prices rose more swiftly. The sluggish production

⁶ "La Belgique dans la Communauté Européenne," *loc. cit.*

⁷ C. Deschamps, "Le Plan Belge, 1971-1975," *Bulletin de Documentation*, Ministère des Finances, March, 1973, pp. 23-67.

activity in industries producing consumer and intermediary goods, as well as in industries producing capital goods, has been felt in the area of jobs. A telling example is the building and construction sector, particularly in Brussels. Nearly 10,000 European officials, clerks and interpreters have settled there, in addition to the enormous staffs of the numerous foreign and transnational business groups. The diplomats and support personnel appointed by each foreign government to the three separate entities housed in Brussels (the Belgian government, the EEC and NATO), form a vast, consumer-oriented population. The increase in needs like clothing, furniture, theaters and paintings are impressive, but not so significant as the living and working facilities boom that has transformed Brussels into a huge metropolitan area of over one million. The desired homes and offices were built quickly and the associated services were provided. Foreign speculators bought up cheap, high rise apartments or backed further construction until, suddenly, there was a surplus. Recently, Arab capital moved into Brussels, usually in British disguise, and pushed the city further in the direction of a European Manhattan. Yet many structures remain empty, and construction has been sharply curtailed. Belgian contractors and developers have migrated to expansion locales like the Soviet Union, where their work on hotels, factories and apartments is in demand.

Popular restlessness about the rapid upward movement in consumer prices (12 to 14 percent in each of the last two years) finally forced the Belgian authorities to adopt new approaches to economic woes. The major, large-scale effort to stem the oil/energy problem prior to 1975 was a diplomatic and political failure. The government of Edmond Jules Isidore Leburton negotiated a pact with Iran for the importation and refinement of petroleum, but delays, opposition criticism, and obstacles to the project in the form of a backlash from the political right forced the resignation of the ministry and the termination of the bilateral accord. The restrictive domestic policy ended in 1975, when the government instituted sweeping reforms, beginning with the advance of the starting dates of public investment programs. A counter-inflationary policy, highlighted by relaxed monetary restrictions, reduced income tax burdens and moderated state expenditures, and aimed to stimulate economic growth with expanded lending and lowered interest rates. It was the government's belief that the earlier reflationary measures had been instrumental in the deterioration of the economic climate, particularly the decline in borrowing. The recovery of investment, with a high priority on major job-creating programs, has begun, but ever so slowly. Many

economists believe that Belgium must consider other devices, like the removal of the VAT (value-added tax) that is still levied on investments.

The short-range outlook may be somewhat brighter, if the newly imposed selective price freeze mechanisms and other price restraint and competition policies are fully instituted with a more expansionary monetary policy. But persistent inflation, low domestic demand, diminished export demand and the other assorted ills will not be easily overcome.

BELGIAN APARTHEID

Beyond external factors, broad cultural problems will influence both permanent economic recovery and domestic peace. Specifically, Belgium will have to address herself to her linguistic and cultural apartheid and its political consequences.

The Flemish-Walloon hostility has been the most provocative issue in the Lowlands for a century or more. It is now almost the only point of friction, other than the debilitated economy.⁸ These two areas of discontent emerge through the process of elimination. After all, Belgians contend, what can one fight about when employers are in favor of unions and their full rights, or when the Catholic Church and the community are more progressive than the former radicals? What debates can stir the nation when decolonization, painful as it was, is a blurry nightmare and when the Royal Question is so forgotten that young people fill the cinemas to see this almost unreal tale? One obvious answer is the Flemish-Walloon quarrel.

As a democracy, Belgium can resolve problems only by means of government decisions that are subject to the people's will. Although the nation has not forged an agreement on a political program to deal with Belgian duality, it has defined a general direction and some specific, but incomplete, means of problem-solving. In recent years, remedies like federalism have gained support, but opponents have noted that federalism would weaken a state that is already small. Furthermore, they observe that federalism would be a dualism (instead of a federal union of several numbers) in which one group would always oppose the other. If the primary objectives are national peace and unity through real equality, then most Belgians look toward some form of decentralized authority. A strong national government with multiple powers may continue to function, but a system must be devised in which many matters are dealt with on the spot by local authorities rather than by *fonctionnaires d'état* or Eurocrats in Brussels.

The politics of linguistic tribalism have not been moderated by economic developments, although the last few decades have produced a nation in which Flemish and Walloon economic interests are so intertwined that they cannot be separated. The recent

⁸ A. Zolberg, "Flemings and Walloons," *Journal of Interdisciplinary History*, vol. 5, no. 2 (1974), pp. 179-235. This is the most cogent analysis in the English language.

constitutional revisions of 1971 and 1974 mirror this fact only in a limited way. Mostly, legislation reflects the ideas of those who harbor a strong urge to further decentralization of cultural and economic power, with perhaps a decrease in the political authority of the national government.

Political transformation has brought about a bizarre pseudo-federal system that establishes separate political spheres of activity for the two language groups. Once a month, Walloon and Flemish deputies and senators hold caucuses, the Flemings in a Flemish city like Antwerp and the Walloons in Liège or Charleroi. At these gatherings, they each formulate regional laws on cultural matters that usually do not disturb anybody. A similar system of dual legislation for social and economic problems has not been created, because most Belgians realize that such legislation might offend or harm many citizens.

The status of Brussels has become the most difficult problem in devising a workable system in this bicultural state. The bilingual capital, situated in Flemish territory and largely Gallicized in the nineteenth century, is not merely a symbol of union; it is the stronghold of Belgian unity. Recent proposals make it clear that the city is claimed in some fashion by both language communities. Since most solutions, however, infer a kind of Belgian "District of Columbia" category that the Bruxellois reject, the stalemate endures.⁹

As political architects and social engineers busy themselves and Belgians get excited, the process of *regionalization* moves at a snail's pace. Compared to life in Ireland, Portugal and Corsica, life is dull in Belgium and, in the 1970's, it is less prone to violence. So far, only one casualty has been inflicted; a Walloon teacher was beaten to death by Flemings during the last election. The Belgian frame of mind was aptly demonstrated by the coroner's verdict: "heart disease."

Short of physical violence, the peculiar division of peoples within Belgium has led to amplified hostility. Language and the marked linguistic differences between north and south have become the flag under which all struggles are fought. The demographically more vital majority Flemings are stoutly Catholic, royalist, and socially conservative, with power centers in the financial, commercial and new industrial sections of the north. The minority Walloons of the south are usually more progressive and republican on political and social issues and staunchly anti-clerical;

they are frightened by the higher Flemish birth rate, increased Flemish educational and occupational successes, and the diversified and augmented economic power base.

POLITICAL PARTIES

The two major parties, the Christian Social party (PSC) and the Socialists (PSB), represent the center and left ideological distinctions, but each has separate French and Flemish wings. The same holds true for the conservative organization, the Party of Liberty and Progress (PLP). Minor parties, such as the Flemish *Volksunie* and the Walloon *Front Démocratique des Francophones* (FDF) or *Rassemblement Walloon* (RW), continue to grow, appealing exclusively to provincial and regional interests.¹⁰ The mixed ministries of the 1970's, the governments of Gaston Eyskens, Leburton and Leo Tindemans, have sought to play down differences and to find piecemeal solutions to the pivotal unitary-federalist quandary. They have stressed greater cultural autonomy and regional economic authority; nonetheless, many recent economic problems tend to exacerbate the language war. Conservatives dread the assignment of more economic responsibility or self-rule to regional bodies; yet they feel compelled to consider some decentralization for political reasons.

The Tindemans coalition, a right-center mixture supported by the regional Walloon party, was formed in 1974 after the Belgian-Iranian oil debacle. It supported the passage of the law of August 1, 1974, which created three new regional boards or councils. Parliamentary compromise resulted in a limited competency for these groups, or an advisory capacity in questions of regional political matters. Thus, the final decision rested with the two legislative chambers. One consequence of this complex and sometimes inconvenient new system is the reaction of language extremists, who conclude that regionalization is the answer. The single-issue language parties, who exert more pressure in the direction of federalist solutions, increase their power in almost every election, but their own fragmentation denies them decisive political power.

Rhetoric often prevails over reform because of the national inability to cope conclusively with the political riddle of Belgium. Tension continues, because

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⁹ H. Bliss, "Belgium's Linguistic Groups and the Regionalization of Power," U.S. Department of State, Foreign Affairs Research Paper FAR 18121.

¹⁰ E. K. Keefe et al., *Area Handbook for Belgium* (Washington, D.C.: U.S. Government Printing Office, 1974), pp. 141-159. The latest elections indicated the following distribution: PSC—32 percent, PSB—27 percent, PLP—15 percent, FDF—11 percent, Volksunie—10 percent, Communists—3 percent, RW and others, 1½ percent.

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"Most Finns realize that their country lies within the invisible boundaries of the Soviet Union's security zone. They know that no nation will come to their aid should they provoke their Soviet neighbors; they understand that the limits on their intercourse with countries regarded as potential adversaries of the Soviet Union are determined at least in part by their ability to convince the Russians that Finland poses no threat to them." Nonetheless, "this does not mean that Finland is remotely controlled from Moscow: . . ."

Finland: The Politics of Economic Emergency

BY H. PETER KROSBY

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IN THE SUMMER of 1975, from July 30 to August 1, Finland played host to the most spectacular international summit meeting the world has seen since the glittering Congress of Vienna in 1815. No royalty graced the halls of Finlandia House, but Presidents and Prime Ministers were commonplace as some 900 official delegates from 35 European and North American states descended on the beautiful Finnish capital on the Baltic Sea to attend the third and concluding session of the Conference on Security and Cooperation in Europe (CSCE).

Under the watchful eyes of the greatest security force ever mobilized in peaceful Finland, ten Presidents, two Federal Chancellors, five East European Communist party chiefs (not counting those who doubled as Presidents of their respective states), fourteen Prime Ministers, two other Heads of Government, and two Foreign Ministers listened to each other's speeches, conducted diplomatic business in a multitude of mini-summits, and signed the Final Act of the CSCE. Thirteen other states sent official observers and almost 2,000 reporters and cameramen for 42 television and radio networks and innumerable newspapers covered every minute of the solemn proceedings. An estimated one billion persons heard at least one of the 599 broadcasts from Helsinki.¹

The meeting was an impressive and massive finale of a diplomatic initiative first broached by the Soviet Union in the 1950's and actively promoted since 1969 by Finland's President, Urho Kaleva Kekkonen. The

arrangements themselves, long anticipated but undertaken on very short notice, represented a superhuman effort by a small nation with limited resources, outclassing easily the logistics problems of the 1952 Helsinki Olympic Games. The thousands of foreign visitors who poured into Helsinki might readily have formed the impression that Finland was a resourceful and an affluent nation.

Resourceful, yes. But affluent? That question was at that very moment being examined intensively by the CSCE's efficient and genial hosts. During the 1960's and early 1970's, Finland had developed a degree of affluence remarkable for a nation torn and mutilated by World War II. By 1973, Finland's main problem seemed to be her production capacity, which was not keeping pace with her rapidly expanding volume of exports, mostly to West European countries. Finland continued to run a foreign trade deficit, but not a significant one, and certainly not one that caused concern about the future.

And then, all of a sudden, the future was clouded. Because of the Arab-Israeli Yom Kippur War of October, 1973, the Organization of Petroleum Exporting Countries (OPEC), composed largely of the oil-producing nations of the Middle East, penalized pro-Israeli West Europe and North America by imposing an embargo on oil exports (in a few instances total), and radically increased the price of oil. By mid-November, 1973, most nations of West Europe were already feeling the pinch and were starting to tighten their belts so that they could afford the indispensable oil. Gradually, Finland was drawn into this maelstrom of rising fuel prices and diminishing

¹ Unless otherwise specified, information provided in this article is taken from the Finnish daily press.

TABLE 1: Finland's Trade Partners

	% of Exports				% of Imports			
	1972	1973	1974	1975	1972	1973	1974	1975
Soviet Union	12.4	11.7	12.1	20.4	11.6	12.0	18.3	16.5
Sweden	17.7	15.2	16.5	17.1	19.0	19.8	17.8	18.3
Great Britain	18.4	19.7	20.3	15.2	13.9	11.3	9.3	9.2
West Germany	10.3	10.3	8.6	8.9	18.0	18.4	15.2	16.3
EFTA	25.2	23.0	22.7	25.3	27.6	28.4	15.2	16.3
EEC	44.2	47.1	44.6	36.9	46.1	44.0	38.1	38.8
COMECON	15.2	14.1	14.9	23.3	15.1	15.3	22.4	21.2

exporting opportunities. Quickly, she found herself sucked into the spiraling inflation that had already afflicted other West European nations. By the end of 1973, it was beginning to look as if Finland's pleasant boom had come to an end.

But the full gravity of the developing crisis was not yet understood. In its 1974 annual survey of the economy, the Finnish Ministry of Finance recognized that the situation was deteriorating, and that drastic measures were required to slow down the pace of inflation and to cope with the growing imbalance in foreign trade. It estimated that the trade deficit for 1974 would be limited to 3.780 billion Finnish marks (Fmk) and the deficit for 1975, to under four billion. These figures were considerably higher than those for the preceding four years, when the annual deficits had fluctuated between one and two billion marks. Furthermore, they reflected the fact that for several years the domestic demand for goods and services had exceeded the nation's productive potential, a situation which tended to add to the inflationary pressures. The Ministry of Finance claimed to see signs, however, that suggested that the rate of inflation was decelerating, and it also considered that the unemployment rate could be held down to 2.4 percent in 1975 (or roughly 54,000 persons), a rate in line with those of the previous four years.²

The forecast turned out to be highly optimistic. Finland's actual foreign trade deficit for 1974 hit a record high of Fmk 4.979 billion, and that figure would be nearly equaled during the first six months of 1975. By the end of November, 1975, the deficit stood at Fmk 7.560 billion and was bound to surpass eight billion for the full year.³

² Finland, Ministry of Finance, Economic Department, *Economic Survey 1974: Finland* (Helsinki, 1974), pp. 11, 30, 46, 81.

³ *Bank of Finland Monthly Bulletin*, vol. 50, no. 1 (January, 1976), p. 9, and *Hufvudstadsbladet*, December 11, 1975.

⁴ For the texts of these treaties, see Finnish Institute of International Affairs, *Yearbook of Finnish Foreign Policy 1973* (Helsinki, 1974), pp. 53-60.

⁵ *Hufvudstadsbladet*, November 13, 1975.

⁶ *Bank of Finland Monthly Bulletin*, vol. 48, no. 3 (March, 1974), p. 11, and vol. 50, no. 1 (January, 1976), p. 11. The figures for 1974 and 1975 cover the January-October period only.

The speed with which the disaster developed took all prognosticators by surprise. As recently as 1973, the prospects of a continuing expansion of the volume and profits of Finland's foreign trade had brightened with the conclusion of significant economic agreements with two major trading communities. On May 16 of that year, Finland became the first Western nation to sign an agreement of cooperation with the Soviet-dominated Council for Mutual Economic Assistance (COMECON), and on October 5 she also signed an industrial free trade agreement with the European Economic Community (EEC).⁴ But the hard-won EEC agreement did not bring the anticipated benefits, overtaken as it was at the very moment of its conclusion by the international oil crisis. By 1974, the EEC's share of Finland's foreign trade was declining, and the trend continued in 1975. A similar trend developed in Finland's trade with her partners in the European Free Trade Association (EFTA); above all with Great Britain, which for years had bought more Finnish goods than any other country. In the first three quarters of 1975, for instance, Finnish exports to Great Britain declined by 28 percent over the same period of 1974. At the same time, however, the COMECON agreement was beginning to pay dividends, as Finnish exports to the Soviet Union alone grew by 62 percent.⁵ The magnitude of the shifts in Finland's trade relations is illustrated by the statistics on Finland's major trade partners (see Table 1).⁶

Throughout 1975, Finland's balance of payments situation deteriorated at an accelerating pace, and there seemed to be little that Finland could do to halt it. There was talk of an eventual national bankruptcy; the government at times found itself without ready cash to meet its obligations; and major industrial concerns with growing stockpiles of unsold commodities began to lay off workers by the thousands. Finland's well-earned reputation as a prudent and reliable country that always paid its debts was beginning to erode. A Gallup Poll conducted by an international business research group found that Finland was no longer highly regarded as a country in which to invest. Among 51 potential investment countries, Finland was ranked 32nd—behind such countries as Malaysia, Nigeria, Algeria, and the Ivory

Coast as well as all European countries except Greece, Portugal, and Turkey.

The poll gave Finland particularly low grades for her fiscal policies.⁷ Inflation was running at a rate of over 17 percent,⁸ and unemployment was rising beyond the most dire predictions. By mid-November, Finland had some 63,200 unemployed (or 81 percent more than a year before), and by January 1 the prognosis for the first quarter of 1976 was up to approximately 90,000 (or 4 percent of the labor force).⁹ In the northernmost province of Lapland, always the most vulnerable, the unemployment rate was up to 9 percent and more and more people were moving to Sweden in search of work.

These developments had major political consequences in a nation dedicated to the principle of full employment and dependent more than most nations on foreign trade. But it was proving increasingly difficult to inspire the political parties to rise to the challenge because voters might resent the severe measures that could solve the problems. Paralyzed by quarrels over economic policy, the four-party majority government led by Social Democrat Kalevi Sorsa was succeeded on June 13, 1975, by a caretaker Cabinet under Keijo Liinamaa, a senior official in the Ministry of Labor and a veteran of two earlier caretaker Cabinets. In the hope of finding a better parliamentary base for a viable political government, new elections were held on September 21–22. They solved nothing. All the major parties were returned with roughly the same strength as before. The Social Democrats won 54 seats (a loss of 1); the Finnish People's Democratic League (SKDL), an electoral grouping dominated by Finland's Communist party, won 40 (+3); the agrarian Center party won 39 (+4); and the Conservatives won 35 (+1). Six smaller parties accounted for the remaining 32 seats.¹⁰

The formation of a new government was a difficult undertaking, one of the most difficult in Finnish history. At the request of President Kekkonen, the Speaker of Parliament, former Prime Minister J. V. Sukselainen of the Center party, examined the possibility that major parties might collaborate in a new Cabinet. Crucial would be the attitudes of the Social Democrats and the SKDL in view of their

labor voters and the need for labor peace; and the leaders of these parties evidenced no burning desire to take on the burdens of responsibility. Nevertheless, by late October, Sukselainen believed he had come up with the requisite "popular front" basis, and President Kekkonen invited Martti Miettunen, the retired Governor of Lapland and a former Center party Prime Minister, to attempt to form a Cabinet. On November 21, after more than three weeks of fruitless negotiations, he threw in the towel. Four days later, President Kekkonen formally extended the mandate of Liinamaa's caretaker Cabinet. He also summoned the leaders of several parties to his residence for individual discussions in the hope of finding a solution. The results were negative. The caretaker Cabinet was given a parliamentary vote of confidence.

KEKKONEN'S ULTIMATUM

At that point, the President intervened directly, powerfully, and dramatically. On November 27, he summoned the leaders of the Social Democratic party, the SKDL, the Center party, the Swedish People's party, and the Liberal People's party to the presidential palace. There, in full view of the entire nation, to which the occasion was telecast, he told them "to squeeze together here a five-party majority government, capable of functioning, for this country." He spelled out for them the economic imperatives that demanded the undivided attention of a politically responsible Cabinet, and he singled out unemployment as the most urgent problem to be tackled. The time for "second-rate disagreements" among the parties had passed, he declared; if some politicians should find their work in the government in these difficult times to be a political burden in the next election, they were welcome to pass the blame back to him personally. Politics, he told them, "is not an end in itself," and he reminded them that "in the parliamentary system of government one must be capable of bringing about governments capable of functioning promptly on behalf of the people and for the benefit of the people."

The President made his message as clear as possible:

A majority government led by Governor Miettunen will be formed for the country by the parties here present; it shall be founded as a Government of National Exigency. Its primary task shall be to protect employment and eliminate unemployment.

He gave the five parties until "dusk on Sunday next" to agree among themselves on the distribution of the Cabinet portfolios, and he informed them that he expected to appoint the new Cabinet on December 1 "at the latest."¹¹

Never before had a gathering of Finnish political leaders received such a public dressing down, and no

⁷ *Hufvudstadsbladet*, November 28, 1975.

⁸ According to the OECD, Finland's inflation rate for the 12 months ending with July, 1975, was 17.3 percent, the sixth highest rate among the nations surveyed. See *Hufvudstadsbladet*, October 11, 1975.

⁹ The figures were given in speeches made by President Kekkonen on November 27, 1975, and January 1, 1976. The full texts are published in Finland, Ministry for Foreign Affairs, *Finnish Features*, 1975, no. 17 (December 3, 1975), and 1976, no. 1 (January 5, 1976).

¹⁰ The election results are found in *ibid.*, 1975, no. 15 (October 10, 1975).

¹¹ For the text of the speech, see *Finnish Features*, 1975, no. 17 (December 3, 1975).

other President in Finnish history except possibly C. G. E. Mannerheim (1944–1946) could have gotten away with it. Kekkonen, however, enjoyed the necessary popular prestige and authority. At dusk on Sunday, November 30, Miettunen's five-party Cabinet was formally appointed.¹² It took office one week before the 58th anniversary of Finland's declaration of independence, and it was the 58th government of that era.

To say that some parties entered the new government reluctantly would be an understatement. The Communist party split on the issue of SKDL participation. Losing the contest, the Stalinist minority went into opposition, and the Cabinet was promptly dubbed the four-and-a-half-party government. Foreign Minister Sorsa of the Social Democrats was the only party chairman to accept a Cabinet post. Both Ele Alenius of the SKDL and Aarne Saarinen of the Communist party stayed out. The two feuding strongmen of the Center party, Johannes Virolainen and Ahti Karjalainen, were ruled out by the President himself. And the Social Democrats and the SKDL would commit themselves for a two-month trial period only. The SKDL, in fact, almost quit the Cabinet halfway through that period. Not surprisingly, few observers were prepared to predict that the Miettunen government would survive the month of January. The government survived, but in March it was due to face another critical hurdle when its austerity budget was scheduled for submission to Parliament.

The severe crisis and the forceful presidential intervention that led to the formation of Finland's November, 1975, government revived a debate on the alleged crisis of Finland's democratic system. Some of President Kekkonen's more vocal critics, especially on the far right, have long maintained that his devotion to constitutional government leaves much to be desired; they saw his intervention in November, 1975, as another demonstration of his interference. The President, personally delivering the new government by Caesarean section, as it were, obviously resorted to radical means. And he has indeed employed his immense personal prestige in dramatic ways on previous occasions. But if there is a crisis of the parliamentary system in Finland, one ought to look for it within the political parties.

Finnish politics tends to be conducted with unusual vigor at all levels of party activity, and the debate on issues commonly deteriorates to the level of personality conflicts. Too often, the vicious struggle for position and influence poisons the political parties and neutralizes them when constructive action is called for. Intra-party feuds have immobilized or

weakened several major parties for long periods during the postwar years, and dissident minority factions frequently break away to form their own parties. Of the twelve parties which contested last September's election, four were in this category—or five if one includes one that broke away from a major party years ago and has since participated in several elections.

These party problems come home to roost in Finland's Parliament, which in recent years has developed a growing tendency to leave critical decisions to the President. One is tempted to speak of a partial abdication of political responsibility on the part of Parliament. The fact that President Kekkonen cuts a giant figure on the political stage may well intimidate lesser politicians, but their penchant for hiding behind his broad back and letting him shoulder the responsibility when the going gets rough is not a flattering reflection on their caliber. Nor does it reflect favorably on the political health of Finland's parties that in the course of 1975, three years before the next scheduled presidential election, most of them, one after the other, asked Kekkonen to be their candidate, thus making his reelection a foregone conclusion. For various reasons, they seem unable to field their own viable candidates; as a result Kekkonen may well stay in office until March 1, 1984.

FOREIGN POLICY

Of course, foreign policy has been a major contributing factor in establishing Kekkonen's unique position. He is an unwavering believer in the principle that Finland's foreign policy must never again collide with vital Soviet interests; by cultivating good personal relations with the top Soviet leaders for 20 years, he has won Soviet trust to such a degree that the best guarantee of continued friendly Finnish-Soviet relations is his continuation in office. Domestic opposition to his foreign policy has practically disappeared. Most Finns realize that their country lies within the invisible boundaries of the Soviet Union's security zone. They know that no nation will come to their aid should they provoke their Soviet neighbors; they understand that the limits on their intercourse with countries regarded as potential adversaries of the Soviet Union are determined at least in part by their ability to convince the Russians that Finland poses no threat to them.

This does not mean that Finland is remotely controlled from Moscow, as some observers have main-

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¹²For the composition of the Miettunen Cabinet, see *ibid.*, 1975, no. 18 (December 3, 1975).

H. Peter Krosby has written extensively on Scandinavian and Finnish foreign affairs. His latest book, *The Kekkonen Line: The Foreign Policy of Finland, 1956–1976*, will be published later in 1976.

BOOK REVIEWS

On Scandinavia and the Low Countries

THE MANDARINS OF WESTERN EUROPE: THE POLITICAL ROLE OF TOP CIVIL SERVANTS. EDITED BY MATTEI DOGAN. (New York: Halstead Press, 1975. 314 pages, \$17.50.)

Eighteen contributors in this book edited by Mattei Dogan identify and define the characteristics and the real political power of the new political elite that has risen in Europe since World War II. The mandarins are generally defined as top civil servants with both "political sensitivity and technical skills" who are able to "weigh the political implications of technico-administrative decisions." Competence in a given field for these civil servants means success in the political opportunism of a given decision; this is the difference between the mandarins and those who make only technical or administrative decisions.

Of particular interest are those chapters dealing with the Netherlands, Belgium, Norway and Denmark because much less has been written about the civil servants in these countries than about the bureaucrats of Britain, France and Germany. Because of the fragmented party political system of the Netherlands, it took six months, from November, 1972, to May, 1973, to form a new coalition government. In a system of this type, "the behavior of the elites takes on considerable importance for the stability and the functional effectiveness of the system." It is believed that "the accommodationist orientations and behavior of the political elites in the face of great pluralist tension has been greatly responsible for effective government in the Netherlands." There seems to be mutual respect and tolerance between the Dutch civil servant and the elected Dutch representative. Overall, about one-third of the Dutch civil servants can be classified as politically oriented enough to be members of the mandarin grouping.

In Belgium, Léo Moulin indicates, any civil servant "has a magnificent administrative career before him, providing he is sufficiently politicized." Such politicization of public administration is so general and acute in Belgium that an equivalent situation elsewhere is hard to find. In Belgium, the old "patronage system" is developed to the highest degree. "Social success obtained by all possible means [notably political] will increasingly replace promotion by competitive selection or seniority and . . . the best civil servants will . . . finally enlist in the ranks of a political party . . . most promising for the future."

In Norway, on the other hand, "the members of the civil service and the political elites maintain a system of interaction that is mutually satisfactory and devoid of substantial rivalries and tensions." Because of the immense reconstruction job facing Norway after World War II, Norway's civil servants and political elites cooperated successfully and will apparently continue to do so without the rivalry for control characteristic of other nations.

Denmark has developed so strong an executive "that despite some partially politically motivated appointments, we [Denmark] have a civil service which, according to current testimonies from successive governments, is most loyal-working with new political premises simply not perceived as a problem by civil servants."

Dogan has put together a well-organized work; the reader may make comparisons among the nations depicted therein. An index would have been valuable for the student.

O.E.S.

DENMARK: AN OFFICIAL HANDBOOK.

EDITED BY BENT RYING. English text by Reginald Spink. (Copenhagen, Denmark: Krak, 1974. 806 pages, bibliography, maps, illustrations and index, \$25.00.)

This is the very handsome official guide to Denmark published by the Press and Information Department of the Royal Danish Ministry of Foreign Affairs. The work is unusually luxurious, packed with a wide range of information; the book provides an accurate source of information for student, tourist and businessman as well as the specialist. The "Prehistory of Denmark" to "Sports and Games" are covered, and almost any other topics in between. This volume, with its very good maps, handsome illustrations, excellent photographs, a good bibliography and a fine index should be emulated by other bureaus publishing official information.

O.E.S.

A HISTORY OF FINLAND. BY EINO JUTIKKALA AND KAUKO PIRINEN. (New York: Praeger Publishers, 1974. 293 pages, maps and index, \$10.00.)

The Roman historian Tacitus first mentioned the people of Finland in the year 100, describing them as wild and primitive. Throughout their history, the people of Finland have had to fight constantly to retain their independence from Sweden on one side and Russia on the other, because both coun-

tries coveted Finland's natural resources. Today, Finland is independent again, but she must be chary of her relations with the Russians in particular.

Pirinen wrote the early history chapters of the book and Jutikkala wrote the rest; the coverage is excellent and contributes to an understanding of the events that have shaped the Finland of today. The maps of Finland, past and present, are excellent, as is the index. O.E.S.

FINLAND: AN INTRODUCTION. EDITED BY SYLVIE NICKELS, HILLAR KALLAS AND PHILIPPA FRIEDMAN. (New York: Praeger Publishers, 1973. 377 pages, selected books, charts and index, \$12.00.)

The editors have produced a useful collection of information for the student or tourist who is trying to find adequate information about Finland. This volume falls short of being a true textbook, but it offers much more information than a mere guidebook, and is illustrated with handsome photos. There is even a list of a few hundred useful addresses in Finland, from advertising agencies to youth organizations. The articles are well written and are informative about the character of the Finnish nation. O.E.S.

THE POLITICS OF ACCOMMODATION: PLURALISM AND DEMOCRACY IN THE NETHERLANDS. 2d. ed., revised. By AREND LIJPHART. (Berkeley: University of California Press, 1976. 245 pages and index, \$3.85, paper.)

Lijphart believes that the politics of accommodation that has been the rule in the Netherlands since 1917 started to break down by 1967, when various political blocs started to join forces across their former lines of cleavage. The Dutch culture is still fragmented, and the elite blocs now cooperate with each other. This new cooperation is expected to bring about extreme change in the Dutch political system. O.E.S.

MISCELLANY

THE NATURE OF INTERNATIONAL SOCIETY. By C. A. W. MANNING. (New York: Halstead Press, 1976. 220 pages and index, \$19.75.)

Manning describes man's social environment in its global setting; he feels that the political scientist should be more concerned about the many forces operating in man's environment.

TWILIGHT OF AUTHORITY. By ROBERT NISBET. (New York: Oxford University Press, 1975. 287 pages, \$10.95.)

Robert Nisbet believes that the erosion of patriotism and the decline of political ideology in the West has contributed to an eruption of executive

power and a democratic royalism that easily becomes corrupt.

PATRIARCHALISM IN POLITICAL THOUGHT. By GORDON J. SCHOCHET. (New York: Basic Books, Publishers, 1975. 291 pages and index, \$12.95.)

Schochet believes that paternalistic doctrines can be found in the works of most major political theorists and uses the Stuart period in English history to prove his thesis.

THE INTERNATIONAL YEARBOOK OF FOREIGN POLICY ANALYSIS. EDITED BY PETER JONES. (New York: Crane, Russak and Company, Inc., 1976. 266 pages, \$15.00.)

This volume brings together an analysis of the foreign policies of the major powers in the preceding year, with original articles.

THE COMMUNIST PARTY OF POLAND. By M. K. DZIEWANOWSKI. (Cambridge: Harvard University Press, 1976. 419 pages, notes, index of names and index, \$17.50.)

This is an excellent and fully documented history of the Communist party in Poland.

PUBLIC PAPERS OF THE SECRETARIES GENERAL OF THE UNITED NATIONS: VOLUME 6: 1961-1964—U-THANT. EDITED BY ANDREW W. CORDIER AND MAX HARRELSON. (New York: Columbia University Press, 1976. 708 pages and index, \$27.50.)

This is a fascinating collection of papers covering a period that was critical for the United Nations following the untimely death of U.N. Secretary General Dag Hammarskjöld.

NEW STATES IN THE MODERN WORLD. EDITED BY MARTIN KILSON. (Cambridge: Harvard University Press, 1975. 254 pages and index, \$15.00.)

The authors collected by Martin Kilson describe the new states of Africa in their relationship to and their effect on world political order.

PEACE SOLDIERS: THE SOCIOLOGY OF A UNITED NATIONS MILITARY FORCE. By CHARLES C. MOSKOS, JR. (Chicago: The University of Chicago Press, 1976. 171 pages, appendices and notes, \$11.00.)

This is a detailed analysis of the UN peace-keeping force in Cyprus.

THE REVOLUTIONARY ASCETIC. By BRUCE MAZLISH. (New York: Basic Books, 1976. 276 pages, notes and index, \$11.95.)

In a series of sketches about the leaders of revolutions since the time of Cromwell, Bruce

Mazlish reveals that the leaders of these movements have tended to be revolutionaries and ascetics, whose denial of personal pleasure and commitment have enabled them to command the allegiance of their followers.

DID MONETARY FORCES CAUSE THE GREAT DEPRESSION? BY PETER TEMIN. (New York: W. W. Norton and Company, Inc., 1976. 201 pages, bibliography and index, \$8.95.)

After an exhaustive analysis of the factors that caused the Great Depression of 1929, Temin concludes monetary pressure from the world banking system undoubtedly did not cause economic catastrophe and that any single cause of depression still remains to be uncovered.

MAO TSE-TUNG: THE MAN IN THE LEADER. BY LUCIAN W. PYE. (New York: Basic Books, 1976. 346 pages, notes and index, \$12.95.)

China specialist Pye shows how Mao's total development including his relationships with his family and friends have contributed to his leadership of the total revolution that is China's.

NIGHTMARE: THE UNDERSIDE OF THE NIXON YEARS. BY J. ANTHONY LUKAS. (New York: The Viking Press, Inc., 1976. 626 pages, notes and index, \$15.00.)

Journalist J. Anthony Lukas has pieced together a remarkably complete and most readable account of the Watergate story. The work should be of great help to students of an unusual period in our history.

GAME PLAN FOR DISASTER: AN OMBUDSMAN'S REPORT ON THE NIXON YEARS. BY CLARK R. MOLLENHOFF. (New York: W. W. Norton and Company, Inc., 1976. 384 pages and index, \$9.95.)

One-time counselor to President Richard Nixon, Mollenhoff writes a highly personal account of life inside the Nixon administration and of the men involved in Watergate.

INTEREST AND IDEOLOGY. BY BRUCE M. RUSSETT AND ELIZABETH C. HANSON. (Lexington: The University Press of Kentucky, 1975. 296 pages, appendix and index, \$11.95.)

This is a particularly interesting book in view of the current revelations about bribery and illegal manipulation by American business interests abroad. The authors come to the surprising conclusion that domestic ideological preconceptions influence the foreign policy beliefs of American business more than business economics.

INDIRA: A BIOGRAPHY OF PRIME MINISTER GANDHI. BY KRISHAN BHATIA. (New York: Praeger Publishers, 1974. 290 pages, bibliography and index, \$10.00.)

It was not so very long ago that Indira Gandhi was widely acclaimed throughout all of India and favorably compared with her illustrious father, Jawaharal Nehru. Economic stagnation and social unrest have eroded her once formidable popularity.

This straightforward, highly readable biography delves into her family background, education, in-

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NORWAY

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of the annual: Paxton, John, ed. *The Statesman's Yearbook*. London: Macmillan; Statistisk Sentralbyrå. *Statistisk Arbok*. Oslo; The Nordic Council. *Yearbook of Nordic Statistics*. Stockholm.

Conditions in northern Norway and the problems encountered there are discussed in detail in: Ørnulo, Vorren. *Norway North of 65*. Oslo: Oslo University Press, 1961; Brief economic surveys include: Ekeland, Sigurd. *Norway in Europe, an Economic Survey*. Oslo: Royal Norwegian Ministry of Foreign Affairs, 97 pp.

This very useful little volume is updated periodically. Organization for Economic cooperation and Development *Norway, Annual Economic Survey*, 82 pp. Helvig, Magne and Johannessen, Viggo. *Norway, Land, People, Industries*. Oslo: Johan Grundt Tanum Forlag, 133 pp., was issued originally in 1966; this compact study is updated from time to time.

The swiftly evolving Norwegian scene is best recorded in periodicals and newspapers, which may be referred to by way of the usual bibliographic indexes held by reference libraries, e.g. *Social Science and Humanities Index*. A few standard sources only are mentioned here: *News of Norway* issued free by Norwegian Information Service, 825 Third Ave., New York, N.Y. 10022. This weekly four page leaflet is invaluable to anyone following current developments in Norway.

Another important source on Norway is *The Norseman*, a bi-monthly review, Oslo: Nordmanns-Forbundet. See: "Small is Beautiful," issue 6, 1975, pp. 174-5, a commentary on the November 15, 1975, issue of *The Economist* dealing with Norway.

The New York Times, *The Economist* (London) are primary sources for current information and interpretation. The technical literature of the oil industry is the best up to the minute source for details on production and other information about North Sea operations (e.g. *World Oil*).

Journals concerned with international affairs are an excellent source of reviews of recent events, e.g., *The World Today*, a monthly issued in London by the Royal Institute of International Affairs. A recent example from it is: Holst, Johan Jørgen. "Norway's EEC Referendum: Lessons and Implications," 1975," vol. 31, no. 3, pp. 114-121.

For the legal implications of North Sea oil and gas development, a highly complex subject, the best source is: *American Journal of International Law*; an example is: Friedman, W. "The Lateral Boundaries of the Continental Shelf and Judgement of the International Court of Justice." *AJIL* 64, 562-593, 1970. A second source is *The Journal of Law and Economics*, e.g., Dam, K. W. "The Evolution of North Sea Licensing Policy in Britain and Norway," *JLE*, 1975, pp. 213, 263.

SWEDEN

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is rare in Sweden, and the Swedish record of work-days lost due to strikes is a low 5 percent to 10 percent of the United States rate. Between 1964 and 1973, moreover, when Britain lost an average of 63.3 days yearly in strikes for every 100 workers, Sweden lost 4.3 days.

Despite the Swedish government's efforts to relieve workers' economic distress and sense of isolation from industrial decision-making, the fact remains that, after 43 years of Social Democratic rule, Sweden is still owned by a small elite whose wealth is relatively more concentrated than it is in most industrial countries including the United States. The concentration of economic power is even accelerating; companies with more than 500 employees now produce 70 percent of Sweden's total output. The largest companies in each sector of the economy produce about 70 percent of that sector's output. Moreover, the number of employees in firms where the 19 largest private ownership groups dominate increased in the decade 1963-1973, from 416,000 to 560,000—even though the total number of employees in industry *decreased* by 243,000. To many Swedes, particularly the young, such concentration of power among the elite makes it impossible for the individual to decide his own economic destiny and to deal with problems like environmental pollution and the quality of life, which do not fit into the grand scheme of the economic elite.

SOCIAL MALAISE

Beyond these economic aspects of social malaise there is a general anxiety about the future and the direction in which the country is heading. Swedes seem to be characterized increasingly by an ambiguity about life, by "a yes-no feeling."¹⁶ They find it difficult to define precisely what is wrong, but they are afraid that Sweden is headed toward disorder despite all the evidence of social stability. There is a "green wave" movement against environmental pollution in Sweden that is evident in the resurgent Center party. Some Swedes complain about "too much socialism" and about high taxes that support "people who won't work."¹⁷ On the other hand, many Swedes express guilt about the prosperity and democracy in Sweden contrasted with the increasing poverty and

tyranny in much of the world. Swedish criticism of totalitarian governments and of the United States war in Vietnam was an effort to assuage this guilt; similarly, Sweden has given about 1 percent of her gross national product in foreign aid, a higher percentage than any other country.

There is a deeply rooted psychological dimension to this sense of social imbalance. Swedish social historian Eskil Block points out that Swedes "are afraid of loneliness." He observes: "We are not good at making friends. Our families are small and old people live alone. Old people can die and be dead for months before anyone notices."¹⁸ Swedes seem to be separated, psychologically, from their own good fortune as if it did not quite belong to them. Swedish fears are generalized because there are virtually no frightening aspects of Swedish society that are concrete enough to focus upon.

The Swedish welfare state has created a social system based on modernity and materialism and embodying much of Sweden's traditional value structure, but there appears to be a national search for joy, for meaning in life and for spirituality. Swedes constantly try to better themselves in material terms as a means of achieving these goals. The welfare state has in no way diminished the work ethic among Swedes, who often work two jobs to improve their living standards and to cope with rising taxes. All political parties are committed to the basic principles and benefits of the welfare state, the objectives of modernity and materialism, and the value structure upon which these are based. But no party has been able to satisfy the national yearning for a larger spiritual dimension.

The search for spirituality seems to have accelerated as organized religion has further declined in Sweden. The prevailing attitude is indifference toward the State Lutheran Church, to which all Swedes automatically belong at birth.¹⁹ State church attendance is only about three percent of the membership, with no promotion of religion by the government or the mass media; still, Swedes rarely formally leave the church. There is no anticlericalism or hostility to the church, but in 1983 the formal ties between church and state will be severed after four centuries.

Most Swedes still profess a belief in God, "if not an orthodox Christian God, at least a deity who 'oversees the world.'"²⁰ A sizable minority of Swedes continue to believe in a life after death, although this percentage is declining. The largest percentage of Swedes believe that morality need not be based on religion. There is no consensus, however, on how to be moral and lead a moral life. The search for spirituality appears to reflect the confusion over morality in modern Sweden, but spiritual values are not reinforced by the Swedish social welfare system. The philosophical triumph of secular pragmatism and

¹⁶ Studs Terkel, "Where to? What next?" *Sweden Now*, vol. 8, no. 6 (1974), p. 21.

¹⁷ *Ibid.*, p. 22.

¹⁸ Swedish social historian, Eskil Block, quoted in *The New York Times*, December 26, 1974, p. 12.

¹⁹ For an excellent analysis of religion in Sweden, see Richard F. Tomasson, "Religion Is Irrelevant in Sweden," *Transaction*, vol. 6, no. 2 (December, 1968).

²⁰ *Ibid.*, p. 47.

rationality over puritanism and traditionalism seems to have left a void in the Swedish national psyche. Such notable contemporary Swedes as Dag Hammarskjöld and Ingmar Bergman have reflected this search for spirituality in their works. The Swedish novelist, Per Lagerkvist, was described at the time of his death as a religious atheist.

It is conceivable that a growing sense of meaninglessness and drift can endanger the carefully constructed, empirically based social welfare system in Sweden. The government's efforts to modernize the Swedish system by accelerating the equalization of status and incomes unexpectedly diluted its own value of nonviolence. The failure of the Swedish social system to satisfy this spiritual longing could eventually undermine the entire value structure and could lead to social chaos. Lars Gustafsson, a noted Swedish author and critic, has stated that nihilism is a leitmotif in contemporary Sweden.

In his book, *The New Totalitarians*, Roland Huntford is sharply critical of the growth of the welfare state and its bureaucracy because of its impact on the Swedish people. He perceives Swedes as basically docile and conservative in their relationship to government bureaucracy. Despite the institutional organs available to Swedes to check their bureaucracy, they remain, according to Huntford, fearful of the bureaucracy (dominated by an elite drawn from the upper classes), suspicious of their newspapers and television, and clearly inhibited by social pressures. Huntford argues that the conformity in Swedish society is so great that it has helped maintain the Social Democrats in power since 1932. Social Democratic control of the government bureaucracy facilitates the implementation of welfare state programs, Huntford concludes, while the party's control of the judiciary, the universities, the mass media, and the unions assures the conformity that leads to meek obedience to the powerful bureaucracy.

The controversy initiated by Huntford over the Swedish social system revolved around the question of whether the conformity he criticized in fact reflected a highly advanced social equilibrium engineered by the Social Democrats. The debate itself, however, appears to be obsolete in contemporary Sweden in view of the mounting evidence of nonconformity, political and economic conflict, and even violence. What Huntford considered an excessively docile and deferential citizen population has begun to stir.

Traditional criticisms of Sweden as a nation of sex,

sin, suicide and socialism have been shown to be exaggerated and overly simplistic. These criticisms however, are often linked to attacks on the Swedish personality and national character as cold, aloof, dull, excessively silent and self-critical, shy, sad, inhibited and passive.²¹ Such criticisms, of course, usually betray the ethnocentric bias of the critic, whose own national character might not fare well under similar scrutiny. In any event, to the extent that this description is valid, it is a reflection not of popular press clichés about Sweden but, more likely, of the residual effects of a deeply ingrained Protestantism and a newly rekindled spiritual longing.

In evaluating trends toward stability and instability in the Swedish social welfare system, it should be remembered that many of the symptoms of social stress in Sweden are endemic in the Western world. In Sweden, these symptoms are generally less pronounced. In traditional social systems where, unlike Sweden, modern approaches to new problems are resisted, the necessity of physical survival is the chief source of social stress, and stability is often maintained by force of arms. Viewed in this context, the Swedish social welfare system appears to have promoted a relatively successful social stability in the face of powerful forces throughout the world mitigating against it. ■

ICELAND

(Continued from page 158)

Iceland is sensitive to the ups and downs of the world economy and to volatile foreign markets. For example, the market for dried unsalted fish declined by more than half as a result of the civil war in Nigeria, Iceland's major purchaser of this product. Between 45 and 50 percent of the gross national product (GNP) is accounted for by foreign trade, a very high figure even by European standards. Nearly all foodstuffs except fish, lamb and mutton, and dairy products must be imported. Iceland paid a little over \$19 million in the world market for fuel in 1973, and \$53 million in 1975. Thus, the fuel crisis added further pressure on the most inflationary economy in Europe for many years. From September, 1974, through August, 1975, Iceland had an inflation rate of 54.5 percent, by far the highest rate of inflation of all the members of the Organization for Economic Corporation and Development (OECD). Britain was the runner up, with inflation of "only" 26.9 percent. Between January, 1968, and November, 1975, the cost-of-living index for Reykjavik leaped from 100 to 552.¹⁶ In December, 1946, the official exchange rate was 6.5 Icelandic *krónur* to the U.S. dollar; by De-

²¹ See, for example, Susan Sontag, "A Letter from Sweden," *Ramparts*, July 6, 1969, pp. 23-38; David Jenkins, *Sweden and the Price of Progress* (New York: Coward-McCann, Inc., 1968); Ross Gelbspan, "The Primal Freeze: Mankind in a 'Naked Pose,'" *The Village Voice*, July 27, 1972, p. 65; Francis Teste, "My Beautiful Sweden of Yesteryear," *Atlas*, April, 1971, pp. 29-30.

¹⁶ *Statistical Bulletin*, vol. 44, no. 4 (Reykjavik: Statistical Bureau of Iceland and The Central Bank of Iceland, November, 1975), p. 58.

ember, 1975, it was 170 *krónur* to the dollar, and another devaluation is expected early in 1976. The most important single factor in this extraordinary inflation is the great year-to-year fluctuation in export earnings. Indeed, Iceland can provide the world with a lesson in how to maintain a high level of social stability under conditions of permanent high-level inflation.

The prognosis for the Icelandic economy is not rosy. The increase in world prices, combined with a relative deterioration of the price of fish because of competition from Japan and Korea, an enormous trade deficit, and a pressing need to reduce fishing efforts, add up to a gray picture. In 1975, in spite of full employment, real GNP declined by 3.4 percent, which equaled a 9 percent drop in per capita buying power. In spite of an upturn in export prices, 1976 will almost certainly not be a good year either.

The Icelandic Marine Research Institute issued a report in 1975 that has come to be called "The Black Paper." It recommended that no more than 230,000 metric tons of demersal fish be taken from Icelandic waters in 1976. This is considerably less than the estimated 350,000 tons taken in 1975, of which Iceland's share was 228,000 tons. Marine biologists claim that by 1979, with the current rate of fishing, the spawning stocks of demersal fish will be only one-seventh of the 1970 levels. In December, the head of the Union of Icelandic Fishing Vessel Owners declared to the membership that the size of the Icelandic catch will have to be limited to prevent disaster. Such a limit has never before been imposed on Icelandic fishermen. Another sign of the seriousness of the fish situation is the fact that in late 1975 the government suddenly terminated its traditional policy of guaranteeing loans for fishing vessels built by foreign shipyards. This action was taken in view of the huge trade deficit, and out of an awareness that Iceland now has more than enough ships to harvest all the fish that can prudently be taken.

THE BIG QUESTION

At present, the big question is whether Iceland will be able to gain full and effective control of fishing within her 200-mile limit if no agreement is reached with Britain (and at this writing there is no sign of it). After the issuance of "The Black Paper" and the dispatching of the British Navy into Icelandic waters, Icelanders became more stubbornly opposed to negotiations with Britain than ever before, although they have now relented a little. Never before has

¹⁷ Quoted from *News from Iceland* (January, 1976), p. 11. See also the letter from Helgi P. Briem (an Icelandic) in the *Sunday Times* (London), December 7, 1975, p. 3. He notes that "if the fishing grounds are ruined, starvation faces the nation. . . . (T)o hasten it our friends have decided to stop imports from Iceland. Even so, it is a slow and inhumane way to exterminate a people."

there been so much life and death and survival rhetoric by Icelanders. For example, Ásgeir Jakobsson concluded an article on "The Black Paper" as follows:

All of the foregoing points to but a single conclusion: negotiate or not to negotiate is a rather moot question. A more correct way of putting it would be to ask whether our neighbors intend to bury us peaceably and respectfully, or dispose of us violently. Barring the latter, we should hope that the Queen of England might be kind enough to send flowers when the funeral is held.¹⁷

When the United Nations Conference on the Law of the Sea completes its deliberations, it will almost certainly recommend that coastal states be allowed a 200-mile economic jurisdiction over their coastal seas and sea beds. Even assuming that will happen and that the United States will soon unilaterally declare a 200-mile limit, it is not likely that Britain will easily surrender her historic "rights" to fish in Icelandic waters. But maybe even Britain will extend her limit to 200 miles. If so, she will then have to recognize Iceland's limits and thus end the cod war. ■

DUTCH POLITICS

(Continued from page 167)

sentiment for a continued Socialist alliance with the Catholics and Anti-Revolutionaries—a distinct possibility if a unified Christian Democratic list fails to materialize. In effect, the Dutch have returned to the old system of building coalitions after the elections. But there is a crucial difference. Because of the continuing decline in confessional voting (the Catholic party has barely half its former strength), the Socialists and Liberals are likely to emerge all the stronger. Of course, with a large floating vote, minor parties may still play key roles, but the demise of Democrats '66 and of Democratic Socialists '70 is likely to reduce the influence of these groups. Yet in spite of the decline in confessional party strength (and this is the most significant development in Dutch party politics in the last decade), because neither the Socialists nor Liberals are likely to have majorities in the near future, in the Netherlands the confessional parties will continue to hold the balance. ■

DENMARK

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16 percent of the vote; Jakobsen's new Center Democrats gained nearly 8 percent, and the Christian People's party (running against the liberalization of pornography and abortion laws) received 4 percent. In addition, the Danish Communist party, which had not won any seats since 1960, returned with 3.6 percent of the votes, and the reformist Justice party, also

absent since 1960, gained just under 3 percent of the votes. Under the Danish system of proportional representation, parties receive their share of seats once they reach a 2 percent minimum. Many observers doubted that an effective government could be formed in the wake of such a political earthquake.

The task of governing was assumed willingly by the Liberals, under the leadership of former Foreign Minister Poul Hartling. With only 22 out of 179 seats, the Liberals needed broad support for their policies. Immediate problems were the soaring price of energy and rampant domestic inflation. During the months that followed, Danish good sense prevailed, but not without lengthy negotiations, dire warnings, and tense moments. The severity of the challenge, both economic and political, led the Hartling minority government to institute important economic and political changes, not so much in content as in direction. Hartling sought broad support for his measures, and when the crucial Social Democratic votes were unavailable during an important tax bill in May, 1974, he did not hesitate to seek out the new parties, including the Progress party. September, 1974, saw substantial income tax reductions in recognition of popular sentiment. It would prove more difficult to reduce public expenditures to accompany the tax reductions.

Domestic inflation continued at a high rate through most of 1974, but by the fall of that year there were definite signs that the economy was cooling off. The effect of high energy prices and the growing international recession was most dramatically felt in unemployment figures. By the end of 1974, the unemployment of insured workers surpassed 10 percent, compared to less than 3 percent a year earlier.⁹ Throughout 1975, unemployment remained high, and the prospects for 1976 are for a gradual reduction. The distress of unemployment was partially relieved by the high payments of unemployment insurance for most industrial workers and by the fact that social and health insurance are not tied to employment. Despite occasional protests, Danes seemed to accept unemployment rates that were unthinkable only two years earlier.

Although Hartling's minority government managed to respond to economic difficulties, a comprehensive economic crisis plan, which was proposed in early December, 1974, did not have enough support for passage. When the Social Democrats rejected the plan, Hartling decided to hold a parliamentary election in early January, 1975, the second general

election in 13 months. The outcome of these elections indicated that the shock of December, 1973, was not an isolated quirk. In January, 1975, the voters again sent representatives for 10 parties to the *Folketing*. The Liberals increased their seats to 42 (23.3 percent of the vote), at the expense of other non-socialist parties that had backed most of the Hartling government's economic and political measures. The Radical Liberals and Conservatives lost heavily, and the Justice party fell below the 2 percent threshold and lost all its seats. Glistrup's Progress party lost four seats, but with 24 seats (13.6 percent of the vote), it remained a powerful bloc. The small Left Socialist party, which had occasionally been represented since 1968, returned to Parliament with the minimum of four seats; the Communists gained one seat and the Socialist People's party lost two. The former Social Democrat Erhard Jakobsen managed to keep his Center Democrats in Parliament with only four seats. The Social Democrats gained seven seats after their disastrous setback a year earlier; and with 53 seats (29.9 percent of the vote), they remained the largest party.

Competition for power focused on the Liberals and the Social Democrats, and a protracted period of negotiations and political maneuvers followed. Three weeks after the elections, Hartling tried to lead a coalition of non-socialist parties. When that attempt collapsed, primarily because the Progressives withdrew their support, an effort was made to form a broad majority Social Democratic-Liberal government. More than a month after the elections, a Social Democratic minority government was finally formed, headed by former Premier Anker Jorgensen.¹⁰

POLITICAL PROSPECTS

Although many political feathers were ruffled during the lengthy post-election maneuvers, the economic problems facing the country demanded response on the basis of compromise. In March, 1975, the government enacted a statutory general wage settlement that regulated wages and incomes for two years. The proposed budget provided strong stimuli for the weakest areas of the economy (particularly construction), but spelled out restraint and even cutbacks for the public sectors. An extraordinary session of Parliament in September, 1975, reached further compromises, including a five-month reduction in the general value-added tax and subsidies for construction, repairs, and insulation. As was the case a year earlier, it was difficult to make cutbacks in public programs to restrain the size of the deficit.

During the fall and early winter of 1975, no major political leader could promise an early end to the country's economic difficulties. Especially among the Social Democrats, there seemed to be little hope for dramatic improvement in the employment situation

⁹ *Ibid.*, p. 63. Danish unemployment figures are usually given as a percentage of those industrial workers who are insured against unemployment. These figures tend to fluctuate rapidly. The actual proportion of total unemployment was about half this figure.

¹⁰ *Nordisk Kontakt*, no. 3, 1975 (Stockholm: Nordic Council, 1975), pp. 159-165.

until the economic recovery of the larger Western states once again stimulated foreign demand for Danish products. The soaring inflation of 1973-74 had been successfully contained, and there was hope that Danish industry could gain a more competitive position on world markets. On non-economic policies the Social Democratic government was looking for support from non-socialist parties. At the end of 1975, both Premier Jorgensen and former Premier Hartling indicated that they believed that compromise could continue through 1976 without another parliamentary election. Monthly public opinion polls have shown little significant divergence from the results of the general election of 1975.

After nearly 15 years of economic prosperity and expansion in the public social service sector, the current period of recession and cutbacks in popular public programs is a test of Danish sense and tolerance. Not all groups have been able to lower their sights. Young people trying to enter the tight labor market have borne an especially heavy burden. Most citizens and economic interest groups have accepted modest prospects for the future and understand the need for continued social solidarity. Failure to maintain economic balance during the good years and the country's natural limitations have intensified the present difficulties. Fortunately, the sound foundation of social services has significantly reduced personal suffering. So far, the fabric of Danish society has withstood the strain of hard times. ■

BELGIUM

(Continued from page 172)

the two principal regions tend to isolate themselves and to cut off communications. There are apparently a dwindling number of true bilinguals, Flemish and Francophones, and this fact causes great uneasiness among language moderates. Some foresee the extension of voluntary *bilinguisme passif* (passive bilingualism) as a valuable method of decreasing anxiety and conflict. This concept that each Belgian should speak and write in his own tongue while understanding the other when spoken or written is not supported by legislation and is therefore not mandatory, though many Belgians are passively bilingual.

There are no simple formulas for change in Belgium. Reforms, both political and administrative, must offer precise and adequate guarantees to protect the Bruxellois and the small Germanic minority of the eastern frontier, as well as the two major communities. Since more radical notions about independence for Flemings and Walloons or the total dissolution of the unitarian state cannot gain majority favor, the regional rights avenue is being explored. Most sagacious observers caution that political and

legislative reforms are not enough, and that any lasting settlement requires the reorganization of all relations between the different communities in order to overcome apprehensions and distrust.

In Belgium today, language is not only the focus of an intense nationalism repeatedly leading to conflict; it also blocks mutual understanding and cooperation on basic economic issues. A general short-term economic revival may not conceal real economic deficiencies. Without doubt, the nagging ethnolinguistic combat, with its tug of war between the separate-but-equal status advocates and the integration proponents will remain in the spotlight. The economic wellbeing of the nation will demand far-reaching structural changes, and more harmonious relations among the language communities will require political accommodation. In 1976, Belgium has neither a peaceful political environment nor a prosperous, balanced and strong economic life. ■

FINLAND

(Continued from page 176)

tained.¹³ It does mean that Finland stands to gain an increasing measure of security and freedom of action from a détente in East-West relations, a fact that explains President Kekkonen's fervent promotion of the CSCE. Whether his current promotion of economic reform and recovery at home will bring equally spectacular results remains to be seen, but his full authority is at stake. In the past, that has usually sufficed. ■

¹³ See, for instance, Nils Ørvik, *Sicherheit auf finnisch: Finnland und die Sowjetunion* (Stuttgart-Degerloch: See-wald Verlag, 1972). For another point of view, see H. Peter Krosby, "Scandinavia and 'Finlandization,'" *Scandinavian Review*, vol. 63, no. 2 (June, 1975), pp. 11-19.

BOOK REVIEWS

(Continued from page 179)

volvement in India's independence movement, marriage, political apprenticeship and emergence as political leader in her own right.

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EISENHOWER: PORTRAIT OF THE HERO.

By PETER LYON. (Boston: Little, Brown and Company, 1974. 937 pages, bibliography and index, \$15.00.)

This monumental study focuses on the military career of Dwight D. Eisenhower; the treatment of his presidential years is relatively brief. The author examines Eisenhower both as a man and as myth, and traces his emergence as a world figure.

A.Z.R.

THE MONTH IN REVIEW

A CURRENT HISTORY chronology covering the most important events of February, 1976, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Arms Control Agreement

Feb. 23—In Washington, the director of the U.S. Arms Control and Disarmament Agency, Fred C. Iklé, tells the Senate Foreign Relations subcommittee on arms control that last month the U.S. and 6 other leading industrial nations signed a secret agreement to develop safeguards to prevent the spread of nuclear arms.

Feb. 29—A study prepared and just released under the sponsorship of the Arms Control Association, the Institute for World Order and the Congress for Peace Through Law says that annual world military spending is almost at the \$300-billion mark; it is increasing most rapidly in the developing countries, although the U.S. and the U.S.S.R. account for about 60 percent of the total.

Association of Southeast Asian Nations (ASEAN)

Feb. 23—In their first conference in 8 years, the leaders of the ASEAN nations meet on Denpasar, Indonesia, and call for economic cooperation.

Balkan Conference

Feb. 8—Delegations from 5 Balkan countries—Greece, Turkey, Yugoslavia, Bulgaria and Romania—meet in Athens to discuss cooperation on economic and technical problems; Albania has refused to send representatives.

European Economic Community (EEC)

Feb. 24—Meeting in Brussels, science ministers of the EEC nations postpone until June a decision on the site of a projected nuclear power plant.

Organization of African Unity (OAU)

(See also *Angola; Spain*)

Feb. 26—OAU foreign ministers open a 7-day meeting; the problem of Western Sahara sparks tension and disagreement among the delegates.

United Nations

(See also *Egypt*)

Feb. 13—A United Nations Commission on Human Rights' resolution accuses Israel of "war crimes" in occupied Arab territory. The resolution was passed by a 23 to 1 vote with 8 abstentions.

Feb. 18—The United Nations Emergency Force takes

command of the last segment of the new Sinai buffer zone between Israel and Egypt.

United Nations Environmental Program

Feb. 2—Under UN auspices, representatives from 13 Mediterranean nations including Israel and the Arab states meet in Barcelona to discuss legal commitments to water pollution control.

Feb. 16—At the close of their 2-week conference, 12 of 16 countries bordering on the Mediterranean Sea sign a convention described as "a turning point in the fight to halt the deterioration of the Mediterranean."

World Agricultural Development Fund

Feb. 5—Representatives of 74 countries meeting in Rome agree on the terms for an International Fund for Agricultural Development; the fund is designed to help poor countries increase their food production by providing low-interest loans.

ANGOLA

(See also *United Kingdom; U.S.S.R.*)

Feb. 9—The secretary for foreign affairs of the National Union for the Total Independence of Angola announces that Huambo, the capital of the Western-supported National Union and the National Front for the Liberation of Angola, has been captured. Cuban-led and Soviet-supplied forces of the Popular Movement for the Liberation of Angola have taken over the city.

The Popular Movement proclaims the establishment of the People's Republic of Angola.

Feb. 11—The People's Republic of Angola, with a capital in Luanda, is recognized by the Organization of African Unity and admitted as the 47th member of the OAU.

The Popular Movement's capture of Silva Porto, headquarters for the Western-supported factions, is announced by the Western-supported factions.

Feb. 18—France recognizes the People's Republic of Angola.

Feb. 19—8 European nations recognize the People's Republic: Britain, Denmark, Ireland, Italy, the Netherlands, Norway, Sweden and Switzerland. More than 60 governments have recognized the People's Republic.

Feb. 23—Foreign Ministers of the European Economic Community offer political and economic

cooperation to the government of the People's Republic of Angola.

ARGENTINA

- Feb. 4—Emilio Mondelli replaces Antonio Cafiero as Minister of Economy; Miguel Unamuno replaces Carlos Ruckhauf as Minister of Labor.
- Feb. 5—Argentine and British officials exchange protests after an Argentine destroyer fires across the bow of a British survey ship in the vicinity of the Falkland Islands, which are claimed by both Britain and Argentina.
- Feb. 17—After the executive withdraws all proposed legislation from Congress, the Senate and the Chamber of Deputies recess in accord with a constitutional provision that forces them into recess if no legislation is pending. Their next regular session is scheduled for May.
- Feb. 18—President Isabel Martínez de Perón says she will not seek another term in office although she will not resign.
- Feb. 20—The government says that the election for a new President will take place December 12, 1976.
- Feb. 21—After a week of meetings, labor leaders reveal plans to call on Perón February 23 to demand changes in the Cabinet.
- Feb. 24—Defense Minister Ricardo Guardo resigns to protest Perón's policies toward the armed forces.
- Feb. 25—*The New York Times* reports that 14 Argentines have been killed today in outbreaks of violence; over 100 have been killed for political reasons since January 1.
- Feb. 26—In a special session of the Chamber of Deputies, opposition members fail to carry a vote for the impeachment of President Perón.

CAMBODIA

- Feb. 4—Phnom Penh radio announces that nationwide elections will be held March 20.

CANADA

(See also *Pakistan*)

- Feb. 18—The president of the Treasury Board tells the House of Commons that the government plans to limit the rise in federal spending in the coming fiscal year to 16 percent, \$6.2 billion more than the estimated \$33.5 billion expenditure of the current fiscal year.
- Feb. 27—Representatives of the Canadian eskimos present a formal claim to 250,000 square miles of land in northern Canada to Canadian Prime Minister Pierre Elliott Trudeau and the Cabinet.
- Feb. 29—The Canadian Ministry of National Defense says that Canada will go ahead with plans to buy long-range anti-submarine planes from the Lockheed Aircraft Corporation; the cost will exceed \$1 billion.

CENTRAL AFRICAN REPUBLIC

- Feb. 14—Agence France-Presse reports that a military tribunal has condemned to death 8 people convicted of taking part in an assassination plot against President Jean-Bedel Bokassa.

CHINA

(See also *U.S.S.R.*; *U.S.*, *Foreign Policy*)

- Feb. 7—A dispatch from Hsinhua, the official press agency, reveals the appointment of Hua Kuo-feng, Minister of Public Security and a Deputy Prime Minister, as Acting Prime Minister, succeeding the late Chou En-lai. Teng Hsiao-ping, the senior Deputy Prime Minister, acted for Chou during Chou's year-long last illness.
- Feb. 12—At Peking University, a wall poster campaign is initiated against Teng.
- Feb. 17—*Jenmin Jih Pao*, the official daily newspaper, criticizes "capitalist roaders within the party who have refused to repent and reform themselves" and who have stressed stability and economic growth; the wall poster campaign against alleged rightists continues.
- Feb. 18—*Jenmin Jih Pao* says that in an "intense new struggle . . . things are not going very well" for "capitalist roaders within the party" who are described as opponents of Chairman Mao Tse-tung.
- Feb. 23—Chairman Mao talks with former U.S. President Richard Nixon in Peking; the meeting is described as a "friendly conversation on a wide range of subjects." Nixon arrived in Peking February 21.
- Feb. 24—*Jenmin Jih Pao* quotes Mao as angry with "capitalist roaders within the party" who allegedly distort his call for a continuing class struggle.

CYPRUS

- Feb. 21—In Vienna, leaders of the Greek and Turkish Cypriot communities agree on guidelines for further discussions of the future of Cyprus.

EGYPT

- Feb. 21—Seeking what he terms a "financial blood transfusion into Egypt's arteries," President Anwar Sadat flies to Saudi Arabia as he begins a 7-day trip to oil-producing states.
- Feb. 22—Egyptian forces take over from U.N. personnel the last 89 square miles of territory provided for them in the 2d Sinai disengagement agreement between Egypt and Israel.
- Feb. 26—In Riyadh, a joint communiqué is issued in which the Saudian Arabian government agrees to grant \$300 million to Egypt and to establish a collective Arab-oil producers' aid program for Egypt.
- Feb. 29—After visiting the Arab oil-producing countries, Egyptian President Sadat returns to Cairo

with promises of more than \$750 million to help the Egyptian economy.

ETHIOPIA

Feb. 18—Addis Ababa radio reveals that Abuna Theophiles, the patriarch of the Orthodox Church, has been replaced because of his alleged crimes against the people. Reports of his arrest are unconfirmed.

Feb. 22—It is announced in Addis Ababa that 55 major ministerial and administrative officials have been reshuffled.

Feb. 23—In a continuing purge, the ruling military junta fires 7 Cabinet officials.

Feb. 28—Diplomatic sources report that in a new wave of arrests the military government has arrested between 1,500 and 2,000 political dissidents.

FRANCE

(See also *Angola*)

Feb. 3—In Djibouti (in the French territory of Afars and Issas, formerly French Somaliland), a few yards from the Somali border, 6 guerrillas hijack a school bus and hold 30 children of French military personnel stationed in Djibouti as hostages. The guerrillas are supposedly members of the illegal Front for the Liberation of the Somali Coast.

Feb. 4—French marksmen kill 6 guerrillas and free the kidnapped children. One child is killed in the skirmish and 1 is missing.

Feb. 5—Some 800 French soldiers are flown to Djibouti.

Feb. 7—The missing French child is returned to the French embassy in Somalia.

Feb. 8—In a referendum, 99.4 percent of the voters of the Indian Ocean island of Mayotte indicate their desire to remain part of France.

Feb. 21—The French Secretary of State for Overseas Departments and Territories sets a date of April 11 for a referendum to decide the form of the relationship between France and Mayotte.

Feb. 28—Ranking French delegate to the 25th Soviet party congress in Moscow Guy Plissonnier says that his French party will follow "a socialism in the colors of France."

GUATEMALA

(See also *U.S., Foreign Policy*)

Feb. 10—Official figures released in Guatemala reveal that in the earthquakes of February 4 and 6, at least 17,032 people were killed; 54,825 were injured; and 1,044,441 were left homeless. Since isolated communities have not yet been reached the casualty figures will probably rise.

ICELAND

Feb. 5—The British Defense Ministry orders 2 British

frigates to protect British trawlers in the disputed fishing waters around Iceland.

Feb. 19—Iceland formally breaks diplomatic relations with Great Britain because of the dispute about the 200-mile fishing limit Iceland declared unilaterally in October, 1975.

INDIA

(See also *U.S., Foreign Policy*)

Feb. 1—Approximately 100 members of the Dravidian Progressive Federation, a political party in the state of Tamil Nadu, are arrested by the government of Prime Minister Indira Gandhi after the federal takeover of the state government yesterday.

Feb. 4—The lower house of Parliament approves a bill postponing nationwide parliamentary elections that were scheduled for March, when its 5-year term should expire.

Feb. 14—It is revealed in New Delhi that the government has taken away the accreditation of some 40 Indian journalists; no reason is given for the government's action.

Feb. 25—In New Delhi, the government announces that government employees and other Delhi residents who do not limit their families to 2 children will be penalized.

IRAN

(See also *U.S., Political Scandal*)

Feb. 3—Minister of State for Planning and Budget Abdol Majid Majidi reveals that the government anticipates a budget deficit of \$2.4 billion in the next year because of a decline in oil revenues. U.S. Defense and State Department officials in Washington, D.C., reveal that Iran may not proceed with an order of \$2-billion worth of Spruance-class destroyers, because of her budget difficulties.

ISRAEL

(See also *Intl, U.N.; Egypt*)

Feb. 9—A parliamentary resolution of no confidence aimed at removing Prime Minister Yitzhak Rabin is defeated by a vote of 63 to 35, with 12 abstentions.

Feb. 15—Shlomo Avineri, one of Rabin's political opponents, is appointed to the post of director general of the Foreign Ministry, the highest civil service post in the country.

Feb. 22—After a Cabinet meeting, the Cabinet agrees to allow the U.S. to negotiate with Egypt, Syria and Jordan about ending the state of war between the Arab states and Israel.

Feb. 23—Meir Zarmi, secretary general of the ruling Labor party, resigns.

Feb. 24—Finance Minister Yehoshua Rabinowitz makes public an \$11.5-billion budget; it is expected

that Israelis will pay 70 percent of their income in state and city taxes after April 1.

Foreign Minister Yigal Allon supports American-sponsored talks on the "end of belligerence" in the Middle East.

ITALY

Feb. 10—Aldo Moro agrees to form a Christian Democratic minority-party Cabinet.

Feb. 11—Moro announces his new Cabinet.

Feb. 27—Italian Communist leader Enrico Berlinguer, speaking at the 25th Communist Party Congress in Moscow, supports Italy's NATO membership.

JAMAICA

Feb. 5—Prime Minister Michael Manley reveals that he is forming an advisory council to help curb "the monster of violence in our society."

JAPAN

(See also *U.S., Political Scandal*)

Feb. 4—A U.S. Senate subcommittee in Washington, D.C., reports that the Lockheed Aircraft Corporation paid Yoshio Kodama, a Japanese rightist leader, \$7 million as its "secret agent" to help the company sell planes in Japan.

Feb. 23—Both houses of Parliament ask the U.S. to give them all available information on the Lockheed bribery case.

Feb. 24—Government officials seize tons of papers in the Tokyo office of Lockheed and in 27 private homes and businesses; they are looking for information on the Lockheed scandal.

Feb. 26—3 Americans are subpoenaed by the lower house of Parliament to testify before a committee investigating the Lockheed bribery scandal.

JORDAN

Feb. 5—A reconvened Parliament adopts a constitutional amendment allowing King Hussein to postpone parliamentary elections indefinitely. Parliament was dissolved by Hussein in late 1974.

LAOS

(See *Vietnam*)

LEBANON

Feb. 1—In Beirut, members of As Saiqua, the Syrian-dominated faction of the Palestine Liberation Organization, attack 2 pro-Iraqi newspapers; 7 journalists are killed; 7 are injured.

Feb. 7—In Damascus, Lebanese President Suleiman Franjeh meets with Syrian President Hafez al-Assad. A joint communiqué, issued at the close of the meeting, guarantees Syrian Palestinian guerrilla respect for Lebanese territory.

Feb. 10—Banks in Beirut reopen for the 1st time in 2 months.

Feb. 14—President Franjeh announces changes in the political structure that will assure the Muslim majority more participation in the government. The reforms will be submitted to Parliament for approval.

Feb. 25—In Beirut, 2 American government employees, kidnapped October 22, are released in good health.

MOZAMBIQUE

(See *Rhodesia*)

THE NETHERLANDS

Feb. 8—The government identifies Prince Bernhard, the husband of Queen Juliana, as the recipient of a \$1.1-million gift from the U.S. Lockheed Aircraft Corporation to promote the sale of its airplanes.

Feb. 9—The Cabinet appoints a special commission to investigate the charges that Prince Bernhard accepted a \$1.1-million bribe.

NIGER

Feb. 9—Foreign Minister Moumouni Djermakoye Adamou asks for 200,000 tons of emergency food supplies to ward off starvation and malnutrition in the rainy season.

NIGERIA

Feb. 3—Head of State General Murtala Ramat Muhammed announces plans for the establishment of a new capital city in the center of the country and the creation of 7 new states, which brings the total to 19.

He charges that all but 2 of the governors who served under former Head of State General Yakubu Gowon are guilty of corruption.

Feb. 14—In Lagos, a coup d'état is crushed but only after Head of State General Murtala Ramat Muhammed is assassinated. Lieutenant General Olusegun Obasanjo, chief of staff of the armed forces, is named Head of State.

Feb. 18—The government charges that the abortive coup was intended to restore to power the former head of the military government, General Yakubu Gowon. The government also charges that there was heavy "foreign backing and involvement" in the abortive coup.

PAKISTAN

Feb. 25—Prime Minister Zulfikar Ali Bhutto ends a 3-day trip to Canada, where he conferred with Canadian Prime Minister Pierre Elliott Trudeau. The Canadian government wishes to exert control over the nuclear power reactors it sold to Pakistan.

PORTUGAL

- Feb. 8—In Lisbon, political parties open their campaigns for the parliamentary elections that will be held in April.
- Feb. 19—Prime Minister José Pinheiro de Azevedo flies to Madeira for the installation ceremonies of a new governing junta.
- Feb. 22—The Council of the Revolution announces its decision to recognize the Soviet-backed government of the Popular Movement for the Liberation of Angola.
- Feb. 23—The Ruling Council examines the demands of the Azores and Madeira islands for greater autonomy, which were presented to the government last week.
- Feb. 26—An agreement is signed by the leaders of the military council and the 5 political parties in which the Council of the Revolution agrees to hand over power to the 1st freely elected President and legislature in 50 years. Parliamentary elections will be held the 25th of April and presidential elections are expected to be held in June.

Portuguese Territories

MACAO

- Feb. 19—In Macao, a statute gives the territory a 17-member legislative assembly. A Portuguese governor will appoint 5 of the deputies; 6 will be elected by direct suffrage and 6 by indirect suffrage.

RHODESIA

- Feb. 21—A military communiqué reports fighting between Rhodesian and Mozambican troops along their mutual border.
- Feb. 25—In Salisbury, a high-level British diplomatic mission arrives to mediate between the Ian Smith government and the black nationalists in the constitutional negotiations.

The government announces that its troops engaged in "hot pursuit" of guerrillas along the Mozambican border; 24 guerrillas were killed. 12 days ago the Mozambican government threatened to invade Rhodesia if there were violations of the borders.

SAUDI ARABIA

(See *Egypt*)

SPAIN

- Feb. 6—The Cabinet eases restrictions on political gatherings; in the future, approval must be received only for outdoor gatherings. In addition, the severe restrictions on the treatment of terrorist offenders are modified. Parliament must approve the measures.
- Feb. 8—In Barcelona, for the 2d consecutive Sunday,

police and demonstrators clash as the Catalans demand regional autonomy.

- Feb. 9—The government devalues the currency by 10 percent.
- Feb. 12—For the 1st time since Franco's death, foreign ministers from Spain and Portugal meet to work out new relations between the 2 countries.
- Feb. 16—In their 1st public appearance outside Madrid, King Juan Carlos I and Queen Sofia pay an official visit to Catalonia, where they witness a demonstration by 7,000 striking municipal employees.
- Feb. 18—In an attempt to diminish increasing unrest in Barcelona, the government drafts municipal firemen and policemen into the army.
- Feb. 20—The Cabinet appoints a commission to study the possibilities of a special administration to govern the Catalan provinces of Barcelona, Lérida, Tarragona and Gerona.
- Feb. 26—Spain grants the territory of Spanish Sahara independence 2 days ahead of schedule. A vote on its future status is expected in the territory's General Assembly.

SUDAN

- Feb. 11—President Gaafar Niemery appoints 17 new members to his Cabinet; he replaces 12 ministers in the old Cabinet.
- Feb. 22—3 soldiers are executed for their role in the abortive coup against President Niemery last September; this brings the total executed to 18.

THAILAND

- Feb. 18—The government closes Thailand's borders to refugees from Vietnam, Cambodia and Laos.

U.S.S.R.

(See also *France; Italy*)

- Feb. 1—*Pravda*, the party newspaper, criticizes U.S. Secretary of State Henry Kissinger for his remarks on Soviet interference in Angola; the press agency Tass also criticizes U.S. President Ford for having "painted a distorted picture of the Angolan situation."
- Feb. 10—*Pravda* charges that Western observers have distorted the Soviet agricultural situation, calling the critics "bourgeois falsifiers."
- Feb. 13—In response to a report from Hsinhua, the Chinese press agency, Tass states that there have been no clashes on the Soviet-Chinese border.
- Feb. 20—*Pravda* prints an almost 4,000-word article defending the Soviet record on human rights.
- Feb. 22—A Georgian newspaper reports that Georgia Zedgindze, Science Minister of the Soviet Republic of Georgia, has been removed from office.
- Feb. 24—Communist Party Secretary Leonid I. Brezhnev opens the 25th congress of the Soviet

Communist party, noting that he sees "détente as the way to create more favorable conditions for peaceful socialist and Communist construction."

UNITED KINGDOM

Great Britain

(See also *Iceland; Rhodesia*)

Feb. 9—Prime Minister Harold Wilson confirms the fact that 13 or 14 British mercenary soldiers in Angola were shot to death by a firing squad of Britishers who were under threat of death if they did not comply with the order to fire.

Feb. 19—Chancellor of the Exchequer Denis Healey announces sizeable cuts in the government's public spending programs. \$3.6 billion will be cut in 1977-1978 and \$6 billion in 1978-1979.

Northern Ireland

Feb. 2—The constitutional convention reopens in Belfast for talks between the Protestant United Ulster Unionist Council and the Roman Catholic Social Democratic and Labor party. Last year after 6 months of talks the convention failed to reach any agreement.

Feb. 12—After 61 days of fasting, Irish Republican Army member Francis Stagg dies in a British jail. Within 24 hours of his death, 101 acts of violence are reported in Ulster.

Associated States (British)

ANGUILLA

Feb. 10—The constitution goes into effect; Anguilla becomes a self-governing territory of the Commonwealth, with a 12-member legislative assembly.

ANTIGUA

Feb. 19—Former Prime Minister Vere Bird becomes Prime Minister, when 90 percent of the 26,000 eligible voters return members of Bird's Antigua Labor party to 10 of the 17 seats in the House of Representatives. Prime Minister George Walter, who campaigned on a pledge to make Antigua independent in 1976, was defeated in the legislature, although the popular vote was narrowly in his favor.

UNITED STATES

Administration

(See also *China*)

Feb. 2—Elliot L. Richardson is sworn in as Secretary of Commerce; this is his 4th Cabinet post.

Feb. 4—A ruling by Transportation Secretary William T. Coleman, Jr., will allow Britain and France to operate limited Concorde supersonic jetliner service to New York and Washington, D.C., on a 16-month trial basis.

Feb. 9—The 3-judge panel of the United States District Court of Appeals for the District of Columbia issues a stay "until further notice" of the Food and Drug Administration's ban on the use of dye Red No. 2 in foods, drugs and cosmetics. Red No. 2 is regarded as a possible carcinogen.

Feb. 10—Project Manager for the United States Nuclear Regulatory Commission Robert D. Pollard resigns his post at Indian Point Plant No. 2, charging that the nuclear reactors at this Consolidated Edison plant (30 miles north of New York City) are of unsafe design and construction and could cause a catastrophe. The federal government, the company, and the New York State Power Authority deny the charges.

Chairman of the United States Nuclear Regulatory Commission William A. Anders says there is no reason to suspend operation of the Indian Point No. 2 nuclear power plant.

Feb. 11—44 federal judges file suit in the United States Court of Claims in Washington, demanding a pay increase; the judges claim that the President and Congress have failed to cope adequately with the effect of inflation on judges' salaries.

The United States Court of Appeals lifts its stay on the FDA ban on dye Red No. 2; the dye cannot be used in any product unless processing has already started.

Feb. 17—At a nationally televised news conference, President Gerald Ford announces that CIA Director George Bush will be chairman of a new committee to conduct "the management of intelligence" with enlarged powers over the country's intelligence agencies. The President also announces the appointment of a 3-man "independent oversight board." In addition, "overall policy directions for intelligence" will be centralized in the National Security Council.

Feb. 18—The Environmental Protection Agency orders an immediate ban on the production of pesticides containing mercury.

In a 36-page executive order effective March 1, President Ford limits both the collection of information on and the surveillance of American citizens.

President Ford proposes legislation making it a serious crime for government employees to disclose the ways federal agencies collect and evaluate information.

Feb. 21—State Department officials say that the administration has given approval to the Gulf Oil Corporation and the Boeing Company to resume normal business relations with the Soviet-backed Popular Movement for the Liberation of Angola, which now controls that country.

Feb. 26—A new food stamp program that would effect a \$1-billion saving and drop 5 million re-

cipients from the food stamp program is proposed by the Department of Agriculture. The 5 million dropped would for the most part have yearly incomes in the \$8,000 to \$10,000 range; benefits to the 5 million "poorest" recipients would increase.

Civil Rights

Feb. 18—Alabama's Attorney General Bill Baxley confirms that he has reopened the investigation of a church bombing that killed 4 14-year-old girls in Birmingham in 1963; he is quoted as saying "we know who did it."

Feb. 22—District Judge Alfred Arraj of the U.S. District Court in Denver rules that Pullman porters have been the victims of a segregated job classification; the court will determine the financial liability toward the more than 2,000 porters of the Pullman Company.

Economy

Feb. 3—Brenton Leavitt, director of the Federal Reserve Division of Banking Supervision and Regulation, testifies before a House Subcommittee on Commerce, Consumer and Monetary Affairs that 63 bank-holding companies are "receiving more than normal supervisory attention"; last year the figure was 35. Leavitt says that 65 banks are under extra surveillance, compared to 38 under extra surveillance at the end of 1974.

Feb. 5—In testimony before the Senate Banking Committee, Comptroller of the Currency James E. Smith discloses that 28 national bank are in critical or serious financial trouble.

Feb. 6—The Labor Department reports that the unemployment rate for January fell to 7.8 percent; the number of jobs in the economy rose by 800,000.

Feb. 21—Trading volume on the New York Stock Exchange reaches 44.5 million shares; this is the busiest day in its history.

Feb. 25—The Dow Jones industrial index reaches a 3-year high of 994.57.

Feb. 27—The Commerce Department announces that the government's composite of leading economic indicators rose by 2.2 percent in January to 106.3 percent of the January, 1967, level.

Foreign Policy

(See also *China; Japan*)

Feb. 2—In a television interview, Defense Secretary Donald Rumsfeld says he believes that the United States should spend enough money on defense to keep a "rough equivalence" with the Soviet Union.

Daniel P. Moynihan resigns as chief United States delegate to the United Nations.

Feb. 11—President Ford sends the head of the Agency for International Development, Daniel Parker, to

Guatemala to report on Guatemala's relief needs in the wake of the devastating earthquake of last week; \$3.6 million in emergency relief funds have already been allocated by the U.S.

Secretary of State Henry Kissinger arrives in Caracas, Venezuela, on the start of an extended trip to Latin America.

Feb. 16—President Ford and Secretary of State Kissinger confer with Soviet Ambassador Anatoly Dobrynin at the White House; new proposals on strategic arms limitations are discussed.

Feb. 17—State Department officials report that the U.S. has broken off talks with India on the possible resumption of U.S. economic aid, to show displeasure at India's policies toward the U.S.

Feb. 20—As a private citizen, former President Richard Nixon leaves on a trip to China to be the guest of the Chinese government.

Feb. 21—In Brasilia, Kissinger and Brazilian Foreign Minister Antonio Azeredo da Silveira sign a "Memorandum of Understanding Concerning Consultation on Matters of Mutual Interest."

Kissinger says that on his return Nixon will brief the Ford administration on details of his trip to China.

State Department and congressional sources report that the U.S. plans to sell a squadron of F-5E jetfighters to Morocco as a sign of support for King Hassan II.

Feb. 23—Speaking at a reception in his honor in China's Great Hall of the People in Peking, Nixon says that naive people believe that "the mere act of signing a statement of principles or a diplomatic conference will bring instant and lasting peace." This is apparently an allusion to last year's meeting in Helsinki, Finland, where 35 national leaders concluded the conference on European security.

Feb. 24—The Senate votes 67 to 22 to approve the granting of commonwealth status to the northern Mariana Islands, which have been part of the Trust Territory of the Pacific Islands. Eligible voters in the northern Marianas voted to establish a political union with the U.S. last year; the House of Representatives approved the union in July, 1975. A constitution must be drafted and approved by the U.S., and the U.N. Security Council must also approve because it has been a strategic trustee of the entire Trust Territory.

Feb. 25—President Ford nominates former Pennsylvania Governor William W. Scranton as chief United States delegate to the United Nations, replacing Daniel P. Moynihan.

Feb. 26—Nixon leaves Peking for a brief trip to southern China; last evening he hosted a farewell dinner for 300 in the Great Hall of the People.

Feb. 29—Richard Nixon and his party of 20 leave China for the United States after an 8-day visit.

Labor and Industry

Feb. 10—W. J. Usery, Jr., is sworn in as Secretary of Labor.

Feb. 13—Federal Judge John Calgay signs an order providing for the liquidation of the W. T. Grant Co. within 60 days; the company filed for bankruptcy under Chapter 11 of the federal bankruptcy code on October 2, 1975, after amassing debts of \$1.8 billion.

Legislation

Feb. 4—By a 51-37 vote, the Senate sustains the President's veto of a bill raising milk price supports.

Feb. 5—The House defeats an administration-backed bill to deregulate natural gas supplies by voting 205 to 201 on a substitute bill that continues present regulations on a narrower basis.

President Ford signs the Railroad Revitalization and Reform Act.

Feb. 10—President Gerald Ford signs a \$112.3-billion defense appropriation bill that includes a ban on further aid to forces in the Angolan civil war.

Feb. 11—A New York newspaper, *The Village Voice*, publishes 21 pages of the text of the secret report of the House Select Committee on Intelligence on the CIA and other intelligence gathering agencies.

Feb. 13—President Ford vetoes the \$6.2-billion measure to create state and local job programs.

Feb. 18—The President submits a bill providing for Spanish-U.S. military cooperation to the Senate.

Feb. 19—By a 63-35 vote, 3 votes shy of the margin needed to override, the Senate sustains President Ford's veto of the \$6.2-billion state and local jobs program.

Feb. 23—Daniel Schorr is suspended from the Columbia Broadcasting System (CBS) for leaking the text of the House Select Committee on Intelligence report to *The Village Voice*.

Feb. 24—*The New York Times* reports that in a memorandum of February 17 the President invoked executive privilege to block the attempt of a House subcommittee to obtain information from the FBI and the National Security Agency about government interception of telegraphed messages.

Political Scandal

(See also *Iran; Japan; The Netherlands*)

Feb. 4—Lockheed Aircraft Corporation officials testify before the Senate Select Committee on Intelligence that the company paid \$12.6 million in fees, commissions and bribes to sell jetfighters and jetliners to Japan.

Feb. 10—Japanese government officials report that the Lockheed Aircraft Corporation has lost a \$1.3-billion order for new planes because of its involvement with a pay-off scandal to Japanese officials.

Feb. 13—Chairman Donald Haughton and A. Carl

Kotchian, vice chairman and chief operating officer, resign their positions with the Lockheed Aircraft Company following disclosures of worldwide bribes that Lockheed paid in order to obtain orders.

Feb. 22—Reliable Iranian sources report that the Northrop Corporation has paid a rebate of \$2 million to the Iranian government to atone for ethically questionable payments to intermediaries in the sales of military aircraft to Iran.

Politics

Feb. 12—To fulfill a campaign pledge President Ford makes a public disclosure of his finances.

Feb. 24—President Ford wins 1,250 votes more than former California Governor Ronald Reagan in the Republican presidential primary in New Hampshire; former Georgia Governor Jimmy Carter receives the largest percentage of the Democratic vote—30 percent, trailed by Indiana Senator Birch Bayh, former Oklahoma Senator Fred Harris, Sargent Shriver and former Vice President and write-in candidate Hubert Humphrey of Minnesota.

Feb. 25—In a financial statement, Reagan discloses that his net worth is \$1,455,571.

Supreme Court

Feb. 25—The Court rules unanimously that states have the right to forbid employers to hire illegal aliens, provided hiring these aliens makes it more difficult for lawful state residents to find employment.

Feb. 27—By a 7 to 1 vote the Supreme Court allows Congress an additional 3 weeks to reconstitute the Federal Election Commission to meet the standards set by the Court last month.

URUGUAY

Feb. 20—Amnesty International, a worldwide human rights organization, accuses the government of holding "nearly 6,000 political prisoners, the highest per capita concentration of political prisoners anywhere in the world."

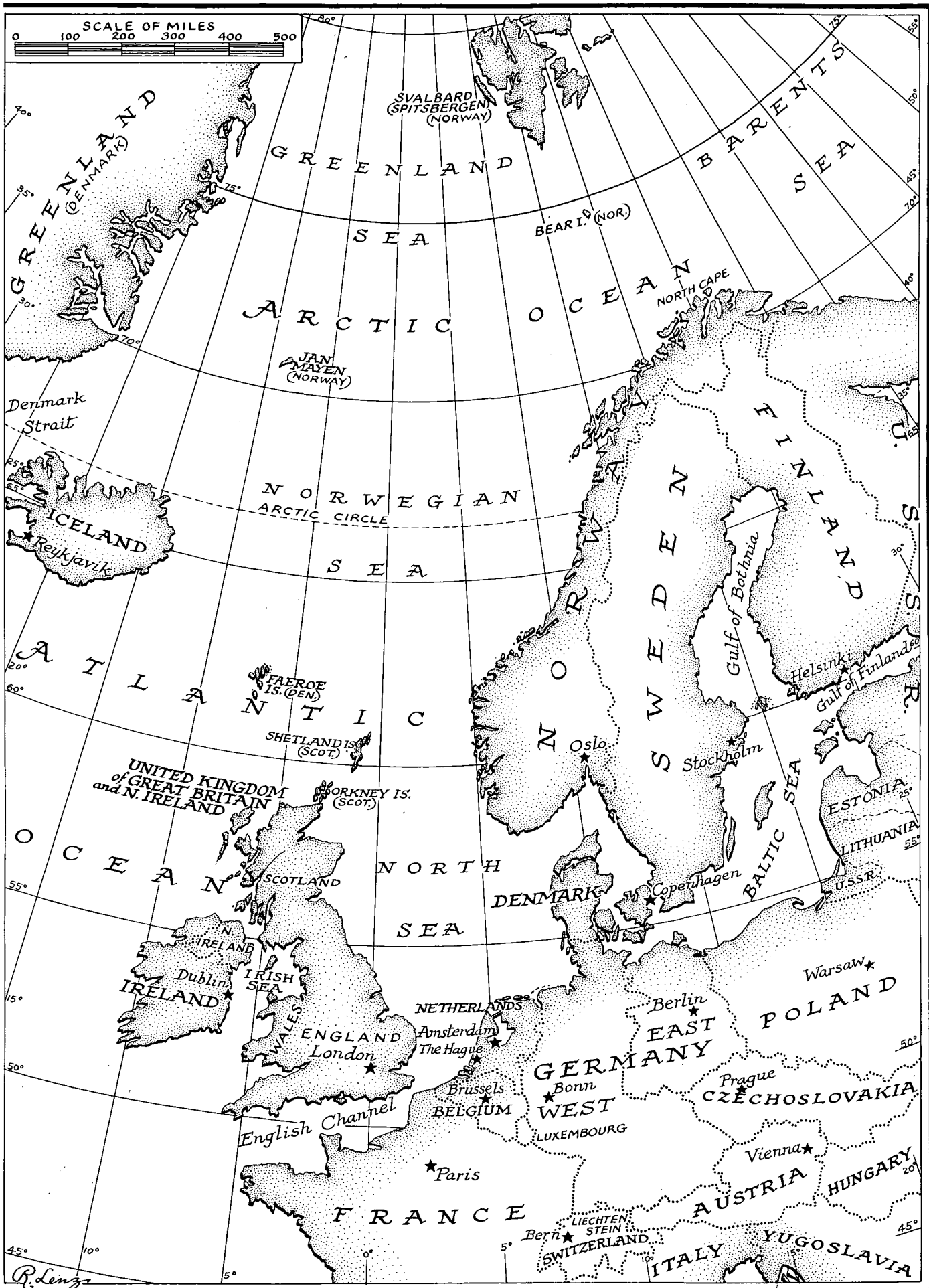
VIETNAM

Feb. 11—At the end of a 6-day visit by Laotian Prime Minister Kaysone Phomviha, a joint communiqué is issued pledging to "strengthen relations" between the two countries.

Feb. 23—The government announces that foreign visitors will be welcome beginning next month. Tourist facilities are being prepared.

ZAIRE

Feb. 28—The official Zaire news agency, Azap, announces that Zaire will establish diplomatic relations with the Angolan government of the Popular Movement for the Liberation of Angola, which it had previously opposed.



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